

## Consolidated Interim Financial Report at September 30, 2019

AEROPORTO G. MARCONI DI BOLOGNA S.P.A.





**Consolidated Interim Financial Report**  
**Aeroporto Guglielmo Marconi di Bologna Group**  
**at September 30, 2019**

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Aeroporto Guglielmo Marconi di Bologna Spa  
Via Triumvirato, 84 - 40132 Bologna  
Bologna Economic and Administrative Register No.:268716  
Bologna Company Registration Office, Tax and VAT No.: 03145140376  
Share capital: Euro 90,314,162.00 fully paid-in

## Ownership of the Parent Company Aeroporto Guglielmo Marconi di Bologna Spa

According to the shareholder register and the notices received pursuant to Article 120 of Legislative Decree No. 58/98, the shareholders of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., with holdings of more than 5% were as follows at September 30, 2019:

<b>SHAREHOLDER</b>	<b>% held</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
ATLANTIA S.P.A. (EDIZIONE S.R.L.)	29.38%
F2I FONDI ITALIANI PER LE INFRASTRUTTURE SGR SPA	9.99%

The following have been considered in presenting the Parent Company's ownership structure:

- interests held by the party reporting the holding, or by the party at the head of the chain of control of the holding
- interests deriving from notices submitted by shareholders or notices relating to significant shareholdings pursuant to Article 152 of the CONSOB Issuers' Regulation.

Furthermore, on June 5, 2018 the Bologna Chamber of Commerce, Municipality of Bologna, Metropolitan City of Bologna, Region of Emilia-Romagna, Modena Chamber of Commerce, Ferrara Chamber of Commerce, Reggio Emilia Chamber of Commerce and Parma Chamber of Commerce (collectively, the "Public Shareholders") entered into a shareholders' agreement (the "Shareholders' Agreement") governing certain rights and obligations in respect of the shareholder structure and corporate governance of Aeroporto Guglielmo Marconi di Bologna S.p.A.. This Shareholders' Agreement, filed at the Bologna Companies Registration Office on June 8, 2018 and sent to Consob on June 9, 2018, includes provisions on voting and transfer restrictions, binding the following interests at the publication date of the Shareholders' Agreement:

<b>PUBLIC SHAREHOLDERS</b>	<b>% Share Capital subject to Voting Agreement</b>
BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.88%
METROPOLITAN CITY OF BOLOGNA	2.31%
REGION OF EMILIA ROMAGNA	2.04%
MODENA CHAMBER OF COMMERCE	0.30%
FERRARA CHAMBER OF COMMERCE	0.22%
REGGIO EMILIA CHAMBER OF COMMERCE	0.15%
PARMA CHAMBER OF COMMERCE	0.11%

**PUBLIC SHAREHOLDERS****% Share Capital  
subject to Transfer  
Restriction Agreement**

BOLOGNA CHAMBER OF COMMERCE	37.53%
MUNICIPALITY OF BOLOGNA	3.85%
METROPOLITAN CITY OF BOLOGNA	2.30%
REGION OF EMILIA ROMAGNA	2.02%
MODENA CHAMBER OF COMMERCE	0.08%
FERRARA CHAMBER OF COMMERCE	0.06%
REGGIO EMILIA CHAMBER OF COMMERCE	0.04%
PARMA CHAMBER OF COMMERCE	0.03%

**Board of Directors**

The Board of Directors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

<b>Name</b>	<b>Office</b>
Enrico Postacchini	Chairman
Nazareno Ventola	Chief Executive Officer (*)
Silvia Giannini	Director (B)
Giada Grandi	Director (A)
Eugenio Sidoli	Director (A)
Valerio Veronesi	Director
Marco Troncone	Director (B)
Gennarino Tozzi	Director
Laura Pascotto	Director (A) (B)

(\*) confirmed Chief Executive Officer by the Board of Directors on May 6, 2019, maintaining the position of General Manager. He has also been appointed as Director responsible for the Internal Control and Risk Management System.

(A) Member of the Remuneration Committee (Chairman Eugenio Sidoli)

(B) Member of the Control & Risks Committee (Chairperson Silvia Giannini)

## Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting of April 29, 2019 and in office until the approval date of the financial statements as at December 31, 2021 are:

<b>Name</b>	<b>Office</b>
Pietro Voci	Chairman
Samantha Gardin	Statutory Auditor
Alessandro Bonura	Statutory Auditor
Violetta Frasnedi	Alternate Auditor
Alessia Bastiani	Alternate Auditor

## Independent Audit Firm

EY S.p.a. was appointed as the independent audit firm by the Shareholders' Meeting of May 20, 2015 for the financial years 2015-2023.

## **Directors' Report of Aeroporto Guglielmo Marconi di Bologna S.p.A. Group at September 30, 2019**

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## INTRODUCTION

This report, accompanying the interim Condensed Consolidated Financial Statements of the Aeroporto Guglielmo Marconi di Bologna Group (hereinafter also the “Aeroporto Group”, “Aeroporto” or “AdB”) for the nine months ended September 30, 2019, in presenting the Group's performance indirectly analyses also the performance of the Parent Company, Aeroporto Guglielmo Marconi di Bologna S.p.A., the holder of the concession for the full management of Bologna Airport, i.e. Full Management Concession No. 98 of July 12, 2004 and subsequent Additional Deeds, approved by Decree of the Ministry of Transport and Infrastructure and of the Economy and Finance of March 15, 2006, with a term of 40 years starting on December 28, 2004.

The Group's structure at September 30, 2019 and a brief description of the type and businesses of its subsidiaries and associates is presented below:



- Tag Bologna S.r.l. (hereinafter also “TAG”), formed in 2001 and operational since 2008, following the completion and opening of the General Aviation Terminal and hangar. In addition to managing the above infrastructure at Bologna airport, the company operates as a handler in the General Aviation sector; The Parent Company on October 2, 2018, taking the opportunity to better control the dedicated airside flight infrastructure, acquired 49% of TAG to gain full ownership;
- Fast Freight Marconi Spa (hereinafter also “FFM”), formed in 2008 by the former subsidiary Marconi Handling S.r.l. (GH Bologna Spa with effect from April 1, 2017), following the contribution of a cargo and mail handling business unit based out of Bologna airport. The Parent Company acquired a 100% interest in FFM in 2009;
- Ravenna Terminal Passeggeri S.r.l. (hereinafter also “RTP”), formed in 2009 together with various public and private shareholders operating in the cruise industry to carry out activities related to the concession for managing the Porto Corsini Maritime Station Service (Ravenna).

The amounts in the tables in this Directors’ Report are in thousands of Euro, whereas those in the comments are in millions of Euro, unless otherwise indicated. The data is from internal company sources unless otherwise indicated.

## Business Description

Airport business may be divided into aviation and non-aviation activities. Aviation activities primarily consist of managing, maintaining and developing airports, which also includes security checks and surveillance, as well as aviation services for passengers, other users and airport operators and marketing activities to develop passenger and cargo traffic. Non-aviation activities primarily consist of developing airport real estate and commercial potential.

Based on the nature of operations, the Group manages the airport through the following Strategic Business Units (SBU's):

- *Aviation Strategic Business Unit*
- *Non-Aviation Strategic Business Unit.*

### Aviation SBU

The Aviation SBU's main activities involve managing and developing airport infrastructure and in particular of:

- providing customers and operators with efficient access to all infrastructure, both land side (terminal, baggage sorting, car parking, traffic and cargo storage) and air side (aircraft runways and aprons);
- providing security services and services for passengers with reduced mobility (PRM's);
- informing the public and airport users;
- developing, revamping and expanding airport infrastructure, including installations and equipment, ensuring compliance with applicable legislation.

Consideration for such services takes the form of airport charges of the following types paid by airlines, airport operators and passengers:

- passenger service fees: these fees are due for the use of infrastructure, installations and common areas required for passenger boarding, disembarkation and hospitality and are based on the number of departing passengers, as well as whether they are bound for destinations within or outside the EU, with reductions for minors;
- take-off and landing fees: these fees are due for all aircraft that take off and land and are calculated on the basis of the aircraft's maximum authorised weight at take-off and the type of flight (commercial or general aviation);
- aircraft parking fees, calculated according to maximum weight at take-off;
- freight fees for boarding and disembarking cargos based on the weight of the cargo carried by aircraft;
- refuelling fees, assessed per cubic metre of fuel supplied to aircraft.

The Aviation SBU's other major revenue sources are:

- departing passenger security fees: these fees are due for providing security check services, including the personnel and equipment used by the manager to provide this service;
- checked baggage security fees: these fees are due for the equipment and personnel responsible for performing such checks;

- PRM fees: they include the fees paid for services for passengers with reduced mobility and are based on the number of departing passengers (PRM and otherwise);
- fees for the exclusive use of premises: they include fees for using airport infrastructure dedicated to individual carriers or operators (check-in desks, offices, operating premises), calculated according to the duration of use, floor area and/or location and type of the premises used;
- centralised infrastructure fees: these fees refer solely to aircraft de-icing services and are based on the number of winter flights;
- cargo handling and general aviation fees and fees due for the related activities such as customs clearance and refuelling.

### **Non-Aviation SBU**

The Non-Aviation SBU's main activities relate to parking management, retail sub-concessions, advertising, services for passengers and real estate management.

### **Parking**

Bologna airport's directly operated paid parking areas offer approximately 5,200 available car parking spaces, located in three parking areas: the first close to the terminal, the second close to airport grounds and the third located at approx. 1.5 KM away. The airport's increasing popularity in recent years has also driven a number of private companies to enter the market, creating competing parking lots in the vicinity of the airport, with shuttle bus services to the terminal.

### **Retail**

Bologna airport's retail offerings include internationally recognised brands with local ties and some of the leading local, domestic and international retail and catering chains. The shopping area extends over approximately 4,400 m<sup>2</sup> and includes 42 shops; the Duty-free areas are one of the SBU's main revenue sources.

### **Advertising**

Advertising is managed using digital and large-format back-lit displays located in areas of the terminal's interior and exterior where the advertisements are highly visible. Campaigns involving the personalisation of particular areas or furnishings located in the airport are sometimes conducted.

### **Passenger services**

Passenger services include a business lounge operated directly by the Parent Company. The *Marconi Business Lounge* (MBL) is an exclusive, comfortable environment used mostly by business passengers travelling with major airlines. In addition, the "You First" service provides arriving and departing passengers with access to exclusive services such as check-in and baggage collection assistance, portage, gate assistance and priority boarding.

The other services available to passengers include car rentals. Nine rental companies are based at Bologna airport, offering a total of 18 specialised brands and 484 vehicles available at the airport.

### **Real Estate**

Real estate activity is divided into two general areas: sub-concession revenues for aviation-related commercial activities, above all express couriers, and sub-concession revenues for handling services, which are subject to regulated tariffs.

The total commercial premises under sub-concession extend to over 90,000 square metres, of which over 70,000 square metres of offices, warehouses, technical service areas and hangars and approximately 20,000 square metres of outdoor space used for parking operating vehicles, manoeuvring in loading and loading areas and aircraft refuelling vehicle areas.

# 1 STRATEGIES AND RESULTS

## 1.1 AIR TRANSPORT GENERAL SECTOR AND PERFORMANCE: G. MARCONI AIRPORT OVERVIEW AND POSITIONING

In the second quarter of 2019, international trade continued to fall, and global growth to weaken. The outlook for the global economy continues to be adversely affected, to a considerable degree, by the risks associated with trade tensions, the slowdown of the Chinese economy and the uncertainty regarding the timing and conditions of the United Kingdom's departure from the European Union (i.e., Brexit).

The contraction in global trade that began in autumn 2018 continued in the second quarter of 2019 (-0.8%), driven by the overall decline in imports into developed nations, and into the United Kingdom in particular, only partly offset by the modest recovery of imports into emerging economies.

Inflation remains weak in the major developed economies and long-term expectations are still at low levels in the United States, Japan and the euro area.

The International Monetary Fund (IMF) has recently revised its global GDP growth forecasts for the two-year period 2019-2020 downwards (from their July levels) to +3.0% for 2019 and +3.4% for 2020, to reflect the impact of heightened trade tensions, only mitigated in part by the effect of the demand stimulus measures implemented in major nations.

In the third quarter further episodes of tension in the Middle East came to a head in mid-September when oil installations were attacked in Saudi Arabia, triggering a temporary contraction in global production capacity. The immediate effect of a rise in the price of crude oil soon receded, thanks to reassurance from the Saudi authorities regarding the stability of supply, in addition to the publication of US oil inventory data that exceeded expectations.

Growth in the eurozone slowed in the second quarter of 2019 (GDP +0.2% on the previous period) and the most recent economic data seem to indicate that this trend also continued into the third quarter, fuelled in particular by weakness in the German manufacturing sector. Against a generally weak economic outlook and contained inflation, the ECB approved a package of expansive measures with a strong consensus.

In Italy, according to the available data, GDP is believed to have remained essentially stagnant in the third quarter, continuing to be held back by a weak manufacturing sector, in turn conditioned by the ties at the level of production and trade between the Italian and German economies (*Source: Bank of Italy Economic Bulletin, October 2019*).

In this general economic environment, global passenger traffic in the first nine months of 2019 grew moderately (4.5%), reflecting the uncertainties within the global economy. Global cargo traffic contracted 3.5%, on a part with the change witnessed in the first half of the year.

In Europe passenger traffic rose 5.1%, outperforming the global average, despite reaching its lowest growth rate of 2019 in September (+2.9%), owing to the economic slowdown, strikes and difficulties encountered by several carriers. Cargo volumes in fact fell (-2.2% on the same period of 2018), reflecting the uncertainties emerging regarding the global and continental geopolitical climate (*Air Passenger Market Analysis and Air Freight Market Analysis, September 2019*). The Italian market in the same period saw passenger traffic growth of 4.3% (*Source: Assaeroporti, September 2019*). Bologna Airport in the first nine months of 2019 reported 11.4% growth.

## 1.2 STRATEGIC OBJECTIVES

The Group in 2019 continues to pursue the strategic objectives underlying all operations. The core strategic guidelines are:

### **“Connect”**

The Group seeks to maintain a varied range of flight offerings suited to various types of users by adding to the number of airlines operating out of the airport, while continuing to maintain good margins also on the new traffic generated. In terms of traffic development, the Group targets the adding of routes, with the introduction of new Eastern and long-haul destinations, while boosting frequencies to existing destinations. The Group also focuses on improving airport accessibility, through the development of ground connections and the expansion of its catchment area.

### **“Develop”**

The investments outlined in the Master Plan and Regulatory Agreement are fundamental to the development of the company's business. The strategy in question calls for an efficient use of the existing infrastructure's capacity and modular implementation of new investments to ensure that infrastructure capacity keeps pace with expected traffic development. The passenger terminal expansion project is a key part of the infrastructure development plan, permitting the development of - in particular - the security control areas and the boarding gates, in addition to extending dedicated commercial space.

The Group also plans to develop non-aviation business with the opening of new stores, new car spaces and the extension of the range of services available to passengers.

### **“Experience”**

The Group is focused on ensuring the constant improvement of the services offered to airport users in its fields of operation, both directly and indirectly, while also constantly improving its standards of security, quality and respect for the environment. In order to support and improve all aspects of operations and generate Customer loyalty, the Group considers it key to develop a culture of innovation which revolves around the installation of technology that facilitates greater interaction with passengers and optimises the airport travelling experience.

### **“Care”**

The Group is committed to all aspects of sustainability, ranging from those of an environmental nature to compliance with ethical and social principles, in view of the important role which Bologna airport plays as a vital hub for the region. The Group also strives to develop those who work at the Airport and build an organisation which responds to the evolving demands of the market and which supports the individual in their work.

The Group has furthermore identified two overarching guidelines to the strategic objectives identified above which are viewed as a touchpoint for company operations:

### **“Maximise financial performance”**

The Group is focused on consistently improving the financial performance and on ensuring an adequate return for shareholders.

### **“Performing corporation”**

In order to boost company performances, the Group seeks to improve the efficiency and efficacy of its processes and its internal structure through projects which increasingly involve the interested parties.

### 1.3 SHARE PERFORMANCE

AdB's shares began trading on the STAR segment of the Milan Stock Exchange on July 14, 2015.

The following graphs present:

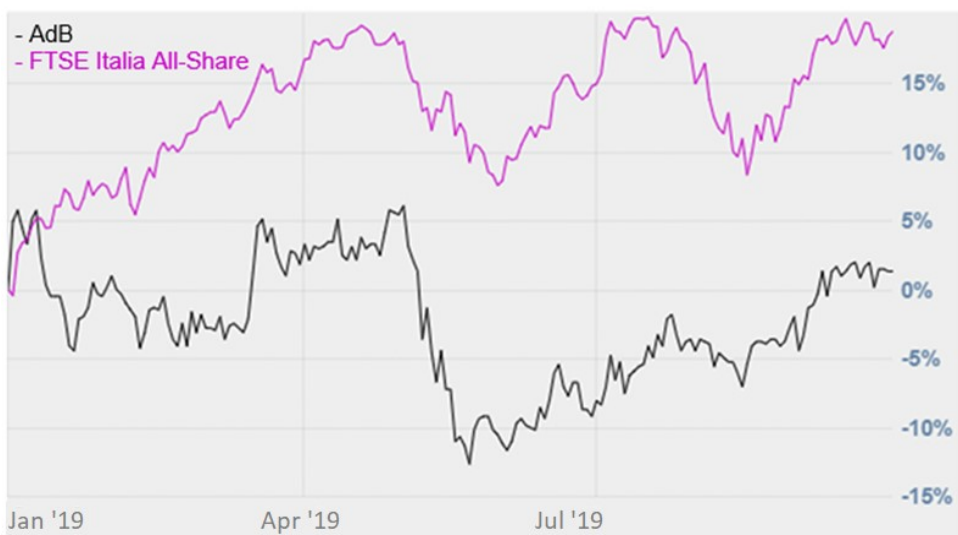
- the share performance between January 1, 2019 and September 30, 2019;
- tracking of the company's share performance against the FTSE Italia all-share index.

On September 30, 2019, the official share price was Euro 12.30 per share, resulting in an AdB Group market capitalisation of Euro 444.3 million at that date.

**AdB Share performance (01/01/2019-30/09/2019)**



**AdB and FTSE Italia All-Share performance (01/01/2019-30/09/2019)**



## 2. KEY OPERATING RESULTS ANALYSIS

### 2.1 AVIATION STRATEGIC BUSINESS UNIT

#### 2.1.1 AVIATION STRATEGIC BUSINESS UNIT: TRAFFIC DATA

The first nine months of 2019 featured significant traffic growth at Bologna airport. In the period from January to September, there were 7,175,435 total **passengers** – including transits and General Aviation – an increase of 11.4% on the same period of 2018. **Movements** also grew (58,844, +9.2%), in addition to **tonnage** (3,864,679, +9.5%). Setting aside the impact of the closure of the runway in September 2018, when it was partially rehabilitated over a period of four days and six hours, it is estimated that the increase in passengers in the period from January to September would have come to around 9%. This performance was supported by the introduction of new destinations and the development of existing routes. The average load factor remained substantially stable (81.9% in the first nine months of 2019 and 81.8% in the same period of 2018), with the increase in the number of passengers matching the additional number of seats offered.

**Cargo traffic** in the first nine months of 2019 amounted to 36,336,775 KG, down 6.4% on 2018. This decline was driven by a general slowdown in the cargo segment owing to trade tensions at the international level, which are also having repercussions on Bologna airport.

	January-September 2019	January-September 2018	Change %
Passengers	7,175,435	6,441,857	11.4%
Movements	58,844	53,891	9.2%
Tonnage	3,864,679	3,529,177	9.5%
Cargo	36,336,775	38,804,463	-6.4%

*Data includes General Aviation and transits*

Traffic growth stems from the development of both legacy traffic and low-cost traffic.

**Legacy** traffic was up 6.1% in passenger volume terms in 9M 2019, thanks to the introduction of new routes and additional flights to some hubs by the main international carriers. In particular, in the January-September 2019 period the following new connections were introduced:

- to Helsinki, operated by Finnair from April 2019 with 3 weekly flights;
- to Philadelphia, operated by American Airlines, with 4 weekly flights from June to September 2019;
- to Niš, operated by Air Serbia starting in July 2019, with 2 weekly flights;
- to Tirana, operated by Air Albania, starting in September 2019, with 4 weekly flights.

In addition, among the additional flights introduced we report the positive impact in the first nine months from the introduction of the fifth daily flight to Frankfurt operated by Lufthansa and the fourth daily flight to Amsterdam operated by KLM. From June 2019, a third daily flight to Istanbul (Turkish Airlines) and Tbilisi (Georgian Airlines) was introduced.

Ongoing investment by the **low-cost** carriers at the Emilia-Romagna airport continued, particularly with Ryanair and Wizzair extending their operations. In addition to the introduction of the new connections to Amman, Kaunas and London Luton during Winter 2018/2019, at the beginning of Summer 2019 Ryanair introduced new flights to Corfu, Crotone and Podgorica, each with 2 weekly flights, in addition to Marseilles, with 3 weekly flights. A positive impact is reported also from the new connections introduced between the end of 2018 and the beginning of 2019 to Stuttgart and Vienna by Lauda Motion. The

increased frequency of service to London Stansted (Ryanair), Bucharest OTP (Wizzair), Düsseldorf (Eurowings) and Barcelona (Vueling) contributed to the rise in traffic volume. In the first nine months of 2019, the low-cost component grew 15.5% overall.

Finally, charter segment traffic also increased (+7.9% on 2018) thanks to a recovery in flights to Egypt. The contribution of this segment to overall airport traffic remained however marginal.

Passenger traffic breakdown	January-September 2019	% of total	January-September 2018	% of total	% Change
Legacy	2,918,751	40.7%	2,751,849	42.7%	6.1%
Low cost	4,133,751	57.6%	3,580,196	55.6%	15.5%
Charter	103,847	1.4%	96,215	1.5%	7.9%
Transits	12,307	0.2%	7,906	0.1%	55.7%
<b>Total Commercial Aviation</b>	<b>7,168,656</b>	<b>99.9%</b>	<b>6,436,166</b>	<b>99.9%</b>	<b>11.4%</b>
General Aviation	6,779	0.1%	5,691	0.1%	19.1%
<b>Total</b>	<b>7,175,435</b>	<b>100.0%</b>	<b>6,441,857</b>	<b>100.0%</b>	<b>11.4%</b>

The international profile of Bologna airport was once again confirmed: in the first nine months of 2019, passengers travelling on international flights accounted for 79.1% of the total (76.7% in the same period of 2018).

In terms of routes operated, Catania is the main destination in terms of passenger traffic volumes, followed by Barcelona (reporting significant growth on 2018), Frankfurt, London Heathrow and Paris Charles De Gaulle.

The main destinations again reflect the solidity of the traffic mix as at the same time acting as hubs for the traditional carriers and point to point destinations of the low-cost carriers.

Main passenger traffic routes	January-September 2019	January-September 2018	Change %
Catania	305,237	293,313	4.1%
Barcelona	296,094	255,775	15.8%
Frankfurt	244,194	226,171	8.0%
London Heathrow	237,392	226,345	4.9%
Paris - Charles De Gaulle	227,961	219,604	3.8%
Madrid	226,359	209,257	8.2%
Rome Fiumicino	219,367	223,640	-1.9%
London Stansted	203,373	164,103	23.9%
Palermo	202,517	216,249	-6.4%
Amsterdam	170,662	171,326	-0.4%

*Passenger traffic including transits*



## Cargo Traffic

(in KG)	January-September 2019	January-September 2018	Change %
Air cargo of which	28,346,057	29,661,546	-4.4%
Cargo	28,323,925	29,619,387	-4.4%
Mail	22,132	42,159	-47.5%
Road cargo	7,990,718	9,142,917	-12.6%
<b>Total</b>	<b>36,336,775</b>	<b>38,804,463</b>	<b>-6.4%</b>

In the first nine months of 2019, 36,336,775 KG of cargo was transported, down 6.4% on the same period of 2018, mainly due to the reduction in road cargo transported.

## 2.1.2 AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
Passenger Revenues	45,908	40,186	5,722	14.2%
Carrier Revenues	19,547	16,935	2,612	15.4%
Airport Operator Revenues	2,757	2,731	26	1.0%
Traffic Incentives	(19,568)	(17,550)	(2,018)	11.5%
Revenues from Construction Services	9,881	7,681	2,200	28.6%
Other revenues	1,127	1,051	76	7.2%
<b>Total AVIATION SBU Revenues</b>	<b>59,652</b>	<b>51,034</b>	<b>8,618</b>	<b>16.9%</b>

The Aviation Strategic Business Unit's revenues consist of fees paid by users (passengers and airlines) and airport operators for the use of the infrastructure and services provided on an exclusive basis by the Group for landing, take-off, lighting, aircraft parking and passenger and cargo operations, in addition to centralised infrastructure and exclusive-use premises.

Given the public utility aspect of airport services, airport charges are regulated by both national and EU legislation. The new regulations and implementation measures – including the models approved by the Transport Regulation Authority – require that changes to the system or amount of airport fees be made with the consent, on the one hand, of the airport manager, and of the airport's users on the other.

Generally, the increase in aviation revenues in the first nine months of 2019 over the same period in 2018 is due to a number of factors, including the increase in the main drivers of traffic and of revenues from construction services.

Group revenues from the Aviation Strategic Business Unit were overall up 16.9% on 2018. The individual accounts broke down as follows:

- Passenger Revenues (+14.2%): the growth in passenger revenues outstripped the increase in passenger traffic (+11.4%) due to the tariff update applied from January 1, 2019, which resulted in an increase in tariffs for this category of revenues;
- Carrier Revenues (+15.4%): Carrier revenues also increased more proportionally than total tonnage, thanks to tariff increases;

- Airport Operator Revenues: these revenues were substantially in line with the previous year (+1.0%);
- Incentives: the increase over 2018 (+11.5%) is related to the growth in incentivised traffic;
- Revenues from Construction Services: growth (28.6%) related to greater investment than the same period of the previous year;
- Other Revenues: the increase (+7.2%) was due to non-recurring income generated by the final accounting for a project funded and executed by the subsidiary FFM.

## 2.2 NON-AVIATION STRATEGIC BUSINESS UNIT

### 2.2.1 NON-AVIATION STRATEGIC BUSINESS UNIT: FINANCIAL HIGHLIGHTS

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
Retail and Advertising	11,677	10,682	995	9.3%
Parking	12,899	12,234	665	5.4%
Real Estate	1,831	1,791	40	2.2%
Passenger services	4,731	4,211	520	12.3%
Revenues from Construction Services	1,434	1,312	122	9.3%
Other revenues	2,246	1,919	327	17.0%
<b>Total NON-AVIATION SBU Revenues</b>	<b>34,818</b>	<b>32,149</b>	<b>2,669</b>	<b>8.3%</b>

Total non-aviation business revenues in the period rose 8.3%, with all the revenue items increasing.

The individual areas of this business unit performed as follows.

#### **Retail and Advertising**

The revenue growth (+9.3%) relates both to the retail and advertising segments.

Retail growth was driven the strong Duty-Free performance, the contractual structure for which is benefiting from the rise in traffic and contractual fees, and by the other segments (Food&Beverage and retail brands) thanks to the greater number of passengers departing from the airport.

The strong advertising results stem mainly from the good sub-concession performances and a number of new contracts managed directly by AdB, in addition to the Fuellers revenue component.

#### **Parking**

In the first nine months of 2019, parking and rail access revenues grew 5.4% over H1 2018 - a more contained rate than the significant growth in traffic, which was only partially converted by the offer of car parking spaces at the airport.

#### **Real Estate**

Real estate revenues rose 2.2% thanks to the renegotiation of a number of contracts at the end of 2018.

**Passenger services**

In 9M 2019, passenger services were up 12.3% over H1 2018, mainly due to premium (*lounge and accessory services*) and self-hire services, whose performance is outlined below.

**Premium services**

This business grew on the basis of increased passenger numbers which reflect the gaining popularity of directly managed lounges and those managed through specialised airport lounge channels.

**Self-hire sub-concessions**

Car rental revenues benefited from the positive effect of the expanded areas under sub-concession to several operators and higher royalties.

**Revenues from Construction Services**

This growth in this revenue item (+9.3%) was driven by the increase in investment in the non-aviation business unit over the same period of the previous year.

**Other revenues:** the growth in other revenues (+17.0%) is mainly due to increased services for the extraordinary maintenance of handler vehicles.

### 3 ANALYSIS OF THE OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS:

#### 3.1 CONSOLIDATED OPERATING RESULTS ANALYSIS

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
Revenues from aeronautical services	48,890	42,596	6,294	14.8%
Revenues from non-aeronautical services	33,502	30,795	2,707	8.8%
Revenues from construction services	11,315	8,993	2,322	25.8%
Other operating revenues and income	763	799	(36)	-4.5%
<b>REVENUES</b>	<b>94,470</b>	<b>83,183</b>	<b>11,287</b>	<b>13.6%</b>
Consumables and goods	(1,590)	(1,532)	(58)	3.8%
Service costs	(14,992)	(15,084)	92	-0.6%
Construction service costs	(10,776)	(8,565)	(2,211)	25.8%
Leases, rentals and other costs	(6,499)	(6,072)	(427)	7.0%
Other operating expenses	(2,426)	(2,451)	25	-1.0%
Personnel costs	(21,958)	(20,172)	(1,786)	8.9%
<b>COSTS</b>	<b>(58,241)</b>	<b>(53,876)</b>	<b>(4,365)</b>	<b>8.1%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>36,229</b>	<b>29,307</b>	<b>6,922</b>	<b>23.6%</b>
Amortisation of concession rights	(4,643)	(4,320)	(323)	7.5%
Amortisation of other intangible assets	(904)	(704)	(200)	28.4%
Depreciation of tangible assets	(2,060)	(1,624)	(436)	26.8%
<b>AMORTISATION, DEPRECIATION AND WRITE-DOWNS</b>	<b>(7,607)</b>	<b>(6,648)</b>	<b>(959)</b>	<b>14.4%</b>
Provisions for doubtful accounts	(516)	(57)	(459)	805.3%
Provision for renewal of airport infrastructure	(1,795)	(2,000)	205	-10.3%
Provisions for other risks and charges	(306)	(233)	(73)	31.3%
<b>PROVISIONS FOR RISKS AND CHARGES</b>	<b>(2,617)</b>	<b>(2,290)</b>	<b>(327)</b>	<b>14.3%</b>
<b>TOTAL COSTS</b>	<b>(68,465)</b>	<b>(62,814)</b>	<b>(5,651)</b>	<b>9.0%</b>
<b>OPERATING RESULT</b>	<b>26,005</b>	<b>20,369</b>	<b>5,636</b>	<b>27.7%</b>
Financial income	88	576	(488)	-84.7%
Financial expenses	(1,007)	(453)	(554)	122.3%
<b>RESULT BEFORE TAXES</b>	<b>25,086</b>	<b>20,492</b>	<b>4,594</b>	<b>22.4%</b>
<b>TAXES FOR THE PERIOD</b>	<b>(7,184)</b>	<b>(5,882)</b>	<b>(1,302)</b>	<b>22.1%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>17,902</b>	<b>14,610</b>	<b>3,292</b>	<b>22.5%</b>
Profit (loss) for the period - Minority interests	0	156	(156)	n.a.
<b>Profit (loss) for the period – Group</b>	<b>17,902</b>	<b>14,454</b>	<b>3,448</b>	<b>23.9%</b>

The **consolidated profit** for the first nine months of 2019, entirely attributable to the Group, was **Euro 17.9 million**, up 23.9% on **Euro 14.5 million** in the first nine months of 2018.

This result mainly stems from the increase in passenger traffic, affected by the temporary closure of the runway for work in September 2018, and from the knock-on benefit for all the main business components.

Operating **revenues** overall grew 13.6% on 2018. Specifically:

- **revenues from aeronautical services** were up 14.8%, mainly due to improved traffic and the tariff update;
- **revenues from non-aeronautical services** rose 8.8% due to the good performance of all category components, as outlined in the relative section;
- **revenues from construction services** increased 25.8% following the rolling out of investments, particularly in the aviation sector;
- other **operating revenues and income**: the decrease of 4.5% on 2018 is due to lower sales of energy efficiency certificates.

Period **costs** overall rose 8.1% on the same period of 2018.

These break down as follows:

- ✓ **consumables and goods** were up slightly on 2018 (+3.8%) due to the increased consumables purchased, only partly offset by reduced consumption of de-icing fluid, thanks to a milder winter than in 2018;
- ✓ **service costs** were essentially in line with 2018 (-0.6%) due to the decrease in costs of maintenance work, of snow clearance and consulting and professional services, offset by the increase in costs of utilities and insurance;
- ✓ higher **construction service costs** (+25.8%) due to greater investment;
- ✓ the increase of 7.0% over 2018 in the **lease, rentals and other costs** account is mainly due to the growth in traffic volumes, on whose basis the concession and security fees are calculated. This cost category was impacted in the opposing sense also by the new IFRS 16 standard, in force from January 1, 2019, on the basis of which contracts containing a usage right upon an asset no longer impact lease costs in the Income Statement, but rather amortisation and financial expenses; the impact from the application of IFRS 16 on the first nine months was lower leasing charges for Euro 448 thousand;
- ✓ **other operating expenses** were substantially in line with the previous year (-1.0%).

Reference should be made to the personnel costs section of this report for further details.

**EBITDA** at Euro 36.2 million was up approx. Euro 6.9 million (+23.6%) on the same period of 2018.

In terms of **overheads**, we note the increase in:

- ✓ amortisation and depreciation (14.4%), on the basis of the amortisation and depreciation schedule and new Group investments, in addition to the new amortisation of usage costs on leased assets as per IFRS 16 (Euro 434 thousand);
- ✓ provisions (14.3%), following increased accruals - particularly to the provision for doubtful debts.

The increase in revenues of 13.6% against a more contained rise in overall costs (9%) resulted in period **Operating Result** of Euro 26 million, compared to Euro 20.4 million in 9M 2018 (up 27.7%).

**Net financial expenses** amounted to Euro 0.9 million, compared to income of Euro 0.1 million in the first nine months of 2018, due mainly to the performance of interest rates, which resulted in discounting charges on provisions of Euro 0.6 million, against income from discounting of Euro 0.4 million in the comparative period.

As a result of that outlined above, the **Result before taxes** for the first nine months of 2019 was Euro 25.1 million, against Euro 20.5 million in the comparative period, an increase of 22.4%.

**Taxes for the period** of Euro 7.2 million compared to Euro 5.9 million in 9M 2018, with the increase substantially owing to the higher result before taxes.

Finally, the **profit for the period**, entirely concerning the Group, was Euro 17.9 million (Euro 14.5 million in the comparative period, +23.9%).

The **adjusted EBITDA** and the construction services margin is presented below:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
Revenues from aeronautical services	48,890	42,596	6,294	14.8%
Revenues from non-aeronautical services	33,502	30,795	2,707	8.8%
Other operating revenues and income	763	799	(36)	-4.5%
<b>ADJUSTED REVENUES</b>	<b>83,155</b>	<b>74,190</b>	<b>8,965</b>	<b>12.1%</b>
Consumables and goods	(1,590)	(1,532)	(58)	3.8%
Service costs	(14,992)	(15,084)	92	-0.6%
Leases, rentals and other costs	(6,499)	(6,072)	(427)	7.0%
Other operating expenses	(2,426)	(2,451)	25	-1.0%
Personnel costs	(21,958)	(20,172)	(1,786)	8.9%
<b>ADJUSTED COSTS</b>	<b>(47,465)</b>	<b>(45,311)</b>	<b>(2,154)</b>	<b>4.8%</b>
<b>ADJUSTED GROSS OPERATING PROFIT (ADJUSTED EBITDA)</b>	<b>35,690</b>	<b>28,879</b>	<b>6,811</b>	<b>23.6%</b>
Revenues from construction services	11,315	8,993	2,322	25.8%
Construction service costs	(10,776)	(8,565)	(2,211)	25.8%
<b>Construction Services Margin</b>	<b>539</b>	<b>428</b>	<b>111</b>	<b>25.9%</b>
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>36,229</b>	<b>29,307</b>	<b>6,922</b>	<b>23.6%</b>

### 3.2 CASH FLOW ANALYSIS

The consolidated cash flow statement, indicating cash flows generated/absorbed from operating, investing and financing activities, is summarised below:

<i>in thousands of Euro</i>	As at 30.09.2019	As at 30.09.2018	Change
Cash flow generated / (absorbed) by operating activities before working capital changes	35,764	28,967	6,797
Cash flow generated / (absorbed) by net operating activities	21,606	22,456	(850)
Cash flow generated / (absorbed) by investing activities	6,890	10,085	(3,195)
Cash flow generated / (absorbed) by financing activities	(19,644)	(17,200)	(2,444)
Change in closing cash flow	8,852	15,341	(6,489)
Cash and cash equivalents at beginning of period	15,762	16,209	(447)
Change in closing cash flow	8,852	15,341	(6,489)
Cash and cash equivalents at end of period	24,614	31,550	(6,936)

**Cash flows generated by operating activities** amounted to Euro 21.6 million, slightly decreasing on the same period of 2018 (-Euro 850 thousand), despite the increase of Euro 6.8 million in core activity cash flows.

Before working capital changes in fact, **cash flows from operating activities** generated funding of Euro 35.8 million, against Euro 29 million in 9M 2018 - mainly absorbed by:

- ✓ Euro 6.7 million from the increase in trade receivables and other assets, compared with growth of Euro 3 million in 9M 2018;
- ✓ Euro 3.4 million from the payment of income taxes (Euro 2.7 million in the comparative period);

- ✓ Euro 2.4 million from the reduction in payables and other liabilities, compared with the positive cash flow of Euro 3.9 million generated in 9M 2018.

The cash used in **infrastructure investment** amounted to Euro **10.5** million (Euro 10.9 million in the comparative period), offset by **cash flows generated** by the receipt of temporary liquidity for Euro 17.4 million, resulting in a generation of positive **investing activity cash flows** of Euro 6.9 million, compared with Euro 10 million in 9M 2018, when the financial instruments divested amounted to Euro 20.5 million.

Finally, Euro 19.6 million was used in **financing activities** (Euro 17.2 million in 9M 2018), mainly due to the payment of dividends on the 2018 result for Euro 16.2 million and loan repayments that came due during the period for Euro 3 million.

Consequently, the **change in closing cash flow** in the period indicates a generation of Euro 8.9 million, reflecting the increased liquidity at September 30, 2019 from Euro 15.8 million to Euro 24.6 million.

The Group net financial position at September 30, 2019, compared to December 31, 2018 and September 30, 2018, was as follows:

	<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	As at 30.09.2018	Change 30.09.2019 31.12.2018	Change 30.09.2019 30.09.2018
A	Cash	27	27	23	0	4
B	Other cash equivalents	24,587	15,735	31,527	8,852	(6,940)
C	Securities held for trading	0	0	0	0	0
<b>D</b>	<b>Liquidity (A)+(B)+(C)</b>	<b>24,614</b>	<b>15,762</b>	<b>31,550</b>	<b>8,852</b>	<b>(6,936)</b>
<b>E</b>	<b>Current financial receivables</b>	<b>0</b>	<b>13,449</b>	<b>9,604</b>	<b>(13,449)</b>	<b>(9,604)</b>
F	Current bank debt	(126)	(43)	(170)	(83)	44
G	Current portion of non-current debt	(3,058)	(4,433)	(5,808)	1,375	2,750
H	Other current financial debt	(3,089)	(2,050)	(2,400)	(1,039)	(689)
<b>E</b>	<b>Current financial debt (F)+(G)+(H)</b>	<b>(6,273)</b>	<b>(6,526)</b>	<b>(8,378)</b>	<b>253</b>	<b>2,105</b>
<b>J</b>	<b>Net current financial position (I)-(E)-(D)</b>	<b>18,341</b>	<b>22,685</b>	<b>32,776</b>	<b>(4,344)</b>	<b>(14,435)</b>
K	Non-current bank debt	(13,045)	(14,690)	(16,092)	1,645	3,047
L	Bonds issued	0	0	0	0	0
M	Other non-current debt	(1,506)	0	0	(1,506)	(1,506)
<b>N</b>	<b>Non-current financial debt (K)+(L)+(M)</b>	<b>(14,551)</b>	<b>(14,690)</b>	<b>(16,092)</b>	<b>139</b>	<b>1,541</b>
<b>O</b>	<b>Net financial (debt) position (J) + (N)</b>	<b>3,790</b>	<b>7,995</b>	<b>16,684</b>	<b>(4,205)</b>	<b>(12,894)</b>

The Group **Net Financial Position** at September 30, 2019 was a cash position of Euro 3.8 million, compared to a cash position of Euro 8 million at December 31, 2018 (-Euro 4.2 million) and Euro 16.7 million at September 30, 2018 (-Euro 12.9 million).

The reduced overall liquidity in the period (accounts D + E) of -Euro 4.6 million compared to December 31, 2018 was mainly due to outflows for:

- ✓ infrastructural investment of Euro 10.5 million, in addition to utilisations of the fund for renewal of Euro 1.4 million;
- ✓ the repayment of loan instalments of Euro 3 million;
- ✓ the payment of dividends of Euro 16.2 million;
- ✓ the payment of taxes for Euro 3.4 million;
- ✓ the settlement of lease payables of Euro 383 thousand;

for a total of Euro 34.9 million, covered by the generation of operating cash flows (Euro 35.8 million) and for Euro 4 million by the divestment of non-current financial instruments.

The debt carried at September 30, 2019 was decreased by the loan payments of Euro 3 million and increased by the finance lease liabilities recognised following the introduction of the new IFRS 16 standard, corresponding to future charges, already contractually agreed, for the right to use third party assets, for a total of Euro 2.1 million (Euro 0.6 million of current liabilities to account H and Euro 1.5 million of non-current liabilities to account M).

### 3.3 FINANCIAL POSITION ANALYSIS

The Group financial position, classified according to “sources” and “uses”, is presented below:

<b>USES</b> <i>in thousands of Euro</i>	<b>As at 30.09.2019</b>	<b>As at 31.12.2018</b>	<b>As at 30.09.2018</b>	<b>Change 30.09.2019 - 31.12.2018</b>	<b>Change 30.09.2019 - 30.09.2018</b>
- Trade receivables	18,573	14,272	15,304	4,301	3,269
- Tax receivables	204	161	173	43	31
- Other Receivables	6,416	4,500	5,022	1,916	1,394
- Inventories	534	594	527	(60)	7
<b>Sub-total</b>	<b>25,727</b>	<b>19,527</b>	<b>21,026</b>	<b>6,200</b>	<b>4,701</b>
- Trade payables	(13,834)	(19,011)	(17,916)	5,177	4,082
- Tax payables	(5,875)	(2,123)	(4,558)	(3,752)	(1,317)
- Other payables	(26,514)	(24,244)	(23,657)	(2,270)	(2,857)
<b>Sub-total</b>	<b>(46,223)</b>	<b>(45,378)</b>	<b>(46,131)</b>	<b>(845)</b>	<b>(92)</b>
<b>Net operating working capital</b>	<b>(20,496)</b>	<b>(25,851)</b>	<b>(25,105)</b>	<b>5,355</b>	<b>4,609</b>
Fixed assets	194,173	188,218	182,023	5,955	12,150
- Deferred tax assets	6,120	6,108	6,187	12	(67)
- Other non-current assets	13,701	17,712	11,825	(4,011)	1,876
<b>Total fixed assets</b>	<b>213,994</b>	<b>212,038</b>	<b>200,035</b>	<b>1,956</b>	<b>13,959</b>
- Provisions for risks, charges & severance	(19,437)	(17,848)	(16,235)	(1,589)	(3,202)
- Deferred tax liabilities	(2,501)	(2,456)	(2,416)	(45)	(85)
- Other non-current liabilities	(193)	(168)	(168)	(25)	(25)
<b>Sub-total</b>	<b>(22,131)</b>	<b>(20,472)</b>	<b>(18,819)</b>	<b>(1,659)</b>	<b>(3,312)</b>
<b>Fixed Operating Capital</b>	<b>191,863</b>	<b>191,566</b>	<b>181,216</b>	<b>297</b>	<b>10,647</b>
<b>Total Uses</b>	<b>171,367</b>	<b>165,715</b>	<b>156,111</b>	<b>5,652</b>	<b>15,256</b>

<b>SOURCES</b> <i>in thousands of Euro</i>	<b>As at 30.09.2019</b>	<b>As at 31.12.2018</b>	<b>As at 30.09.2018</b>	<b>Change 30.09.2019 - 31.12.2018</b>	<b>Change 30.09.2019 - 30.09.2018</b>
<b>Net financial (debt) position</b>	<b>3,790</b>	<b>7,995</b>	<b>16,684</b>	<b>(4,205)</b>	<b>(12,894)</b>
- Share Capital	(90,314)	(90,314)	(90,314)	0	0
- Reserves	(66,941)	(65,469)	(67,050)	(1,472)	109
- Profit (loss) for the period	(17,902)	(17,927)	(14,454)	25	(3,448)
<b>Group Shareholders' Equity</b>	<b>(175,157)</b>	<b>(173,710)</b>	<b>(171,818)</b>	<b>(1,447)</b>	<b>(3,339)</b>
Minority Interests	0	0	(977)	0	977
<b>Total Shareholders' Equity</b>	<b>(175,157)</b>	<b>(173,710)</b>	<b>(172,795)</b>	<b>(1,447)</b>	<b>(2,362)</b>
<b>Total Sources</b>	<b>(171,367)</b>	<b>(165,715)</b>	<b>(156,111)</b>	<b>(5,652)</b>	<b>(15,256)</b>



The Group statement of financial position indicates a reduction in **operating net working capital** at September 30, 2019 compared to December 31, 2018 from -Euro 25.9 million to -Euro 20.5 million, due to the absorption of resources from the higher total receivables (+Euro 6.3 million), slightly mitigated by the concurrent, modest increase in payables (Euro 0.8 million). The increase in trade receivables was due to the increase in revenues, which also affected the increase in receivables for passenger boarding fee surtaxes within the “other receivables” account. Compared to September 30, 2018, **net operating working capital** decreased from -Euro 25.1 million to -Euro 20.5 million, due to the increase in receivables (+Euro 4.7 million), primarily owing to the greater revenues, while payables remained essentially stable.

**Operating fixed capital** rose mainly due to the increase in fixed assets, as a result of the advancement of the Group’s investment plan and the recognition from January 1, 2019 of the right of use on leased assets following the initial application of IFRS 16 for Euro 2 million at September 30, 2019.

At September 30, 2019, **Consolidated and Group Shareholders’ Equity** amounts to Euro 175.2 million, compared to Euro 173.7 million at December 31, 2018, against a **net financial position** of Euro 3.8 million. The change in shareholders’ equity was affected by the distribution of a dividend from the 2018 profit of Euro 16.2 million, approved by the Shareholders’ Meeting of the Parent Company on April 29, 2019.

### 3.4 INDICATORS

The Directors deemed the Group's major income statement and statement of financial position indicators at and for the period ended September 30, 2019 to be immaterial due to their interim nature.

### 3.5 INVESTMENTS

Investments in the first nine months of 2019 totalled approx. **Euro 10.5 million**, both in execution of the airport Masterplan and in support of airport operations.

The state of progress of the main investments in the Masterplan is illustrated below:

- **Terminal extension:** executive design phase of the terminal extension completed and currently under verification;
- **People Mover:** the pedestrian walkway linking the airport station and the terminal was tested;
- **New de-icing apron and building:** construction of the de-icing apron and building is near completion;
- **Cargo building:** construction work on the building has begun;
- **New perimeter roadway:** executive design work on the project to build a new perimeter roadway is in progress;
- **Raised area of the Express Car Park:** executive design work on the project to build a raised area of the Express Car Park is in progress;

Further to the Masterplan investments, others focused on airport operations and the improvement of the service offered to passengers, in addition to boosting the efficiency of company processes. In particular, we highlight the following work:

- completion of the installation of the airside CCTV system;
- purchase of a new snow removal vehicle;
- restyling of the Marconi Business Lounge to offer passengers improved comfort;
- construction of a summer car park (summer P6) to support increased summer traffic volumes;
- construction of a dedicated car rental area in the P4 car park.

### Provisions for renewal

The total cyclical renewal and maintenance works on the airport infrastructure and plant under concession at September 30, 2019 was **Euro 1.4 million**.

In particular, in the airside area, the waterproof coating of the airport runoff water collection basin located at the Olmi quarry site was reapplied, and in the landside area the roof of the PSSA, Lost and Found, air healthcare and garage building was redone. Finally, among the various work done on installations to maintenance operation, flight information monitors, AHU units and obsolete parts of the public lifts were replaced.

## 3.6 PERSONNEL

### Workforce breakdown

	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
<b>Full Time Equivalent average workforce</b>	<b>496</b>	<b>466</b>	<b>30</b>	<b>6%</b>
Executives	9	10	(1)	-10%
Managers	32	29	3	10%
White-collar	357	331	26	8%
Blue-collar	98	96	2	2%

	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
<b>Average workforce</b>	<b>546</b>	<b>509</b>	<b>37</b>	<b>7%</b>
Executives	9	10	(1)	-10%
Managers	32	29	3	10%
White-collar	404	370	34	9%
Blue-collar	101	100	1	1%

Source: Company workings

The increase in the workforce of 30 full-time equivalent employees compared to 9M 2018 mainly relates to the hiring of staff to cope with operations related to the higher traffic numbers, such as security and PRM personnel, but also for the development of a number of staffing areas.

### Costs

	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change	% Change
Personnel costs	21,958	20,172	1,786	8.9%

The increase in personnel costs of 8.9% compared to the same period of 2018 is mainly due to the expanded workforce, as described above, in addition to normal salary increases.

## TRADE UNION RELATIONS

During the first nine months of the year, trade union agreements were signed, reflecting the Group's focus on the issues of welfare and social responsibility:

- the existing company welfare system was extended, ahead of the renewal of the Collective Bargaining Agreement and possible consequent amendments or supplements, increasing the amounts available to each open-ended contract employee;
- the "hours bank" (banca solidale) was introduced according to the means set out in the regulation, for the granting of holidays, leave and hours to colleagues with underage children with challenging conditions;
- a policy was drawn up to support single parent families (families whereby one parent is the sole guardian of one or more children).

Following the local and domestic level negotiations and despite the discussions still ongoing for the renewal of the national contract, on May 30, 2019 an agreement was signed between Assaeroporti and the Trade Unions stipulating the extension of the option to sign seasonal contracts until 31/12/2019, ahead of their regulation under the Collective Bargaining Agreement.

## TRAINING OF PERSONNEL

In the January-September 2019 period, training spend increased on the same period in 2018 due to the undertaking of a number of major projects.

Training featured, in addition to specific regulatory update courses in a number of areas, obligatory training for the Prevention and Protection Service and the Security area.

In particular, for the Security area, a course was provided through a certified ENAC instructor for the "Recognition of Explosives", in addition to the "Human Factors" course to improve awareness with regards to the impact of the human factor on overall global aviation security.

A "Big Data" masters was introduced to the ICT area, in order to acquire the policies, instruments and capacity to develop applied solutions for the interpreting of data, which has become a critical competitive resource for businesses, in addition to a "Leadership and action" masters for the acquisition of people management skills, particularly for those new to this role.

The "PM in Action" course was completed in July, with 35 classroom participants from various company departments, in order to define and create uniformity for the PM (Project Manager) role at the company, with a focus on methodological, organisational, relationship-building and technical-specialist skill sets.

Cybersecurity training also began to be provided in flash learning mode, involving quick training accessed directly by users via their computers, designed to raise awareness among individuals of potential network risks.

Finally, significant investment was made in soft skills e-learning development and incentivisation targeting all personnel.

## 4 MAIN NON-FINANCIAL RESULTS

### 4.1 QUALITY

Performance at the level of the quality of service offered to passengers was strong in the first nine months of 2019. No particular critical issues were identified in the summer.

Expected check-in time rose in August and September due to a significant increase in traffic. To ensure this service, the Manager worked with carriers and handlers to promote further review, while also launching process mitigation proposals. Expected baggage return waiting times decreased, particularly for the last

bag. The performance levels achieved are the results of the joint efforts made by all participants in the process, with constant support from the Manager.

Satisfaction with terminal and toilette cleanliness remained stable, despite the significant increase in passengers.

Key Quality Indicators		January-September 2019	January-September 2018
Overall satisfaction	% of satisfied passengers	97.9%	98.5%
Overall perception on regularity and punctuality of services received at airport	% of satisfied passengers	96.4%	97.2%
General cleaning level perception	% of satisfied passengers	99.1%	98.3%
Toilet cleanliness and functionality level perception	% of satisfied passengers	95.3%	95.7%
Check-in queue waiting	Time in 90% of cases	17'53"	16'05"
Waiting time for baggage screening control	Time in 90% of cases	4'56"	6'17"
First/last bag return time from aircraft block-on (from system)	First bag (time in 90% of cases)	25'59"	26'
	Last bag (time in 90% of cases)	32'59"	34'

Source: Company workings

Within the framework of the Airport Service Quality programme of ACI World, Bologna's general satisfaction level (overall satisfaction: 3.79) was in line with the same period of 2018 - remaining focused on the most sensitive aspects to the pressure generated by the summer traffic summer. The courtesy and professionalism of staff were confirmed as strengths, in addition to passenger information and way finding.

## 5 REGULATORY FRAMEWORK AND DISPUTES

### 5.1 CONTINUITY OF SERVICES PROVIDED BY ALITALIA IN EXTRAORDINARY ADMINISTRATION

In relation to the extraordinary administration of Alitalia - Società Aerea Italiana S.p.A., regarding which reference should be made to the Directors' Report in the 2018 Annual Accounts, on June 27, 2019, the eighth partial state of liabilities regarding mainly the financial institutions was filed. On October 23, 2019 the extraordinary administrators filed the ninth partial state of liabilities, which continues not to extend to airport management companies. At present, the total amount of the liabilities of Alitalia SAI admitted to the extraordinary administration procedure have yet to be formally established. In addition, in view of Article 37 of "Growth Decree" No. 34/19, which provides for the creation of a Newco to which the assets of the carrier shall be assigned, a further write-down of the residual receivable from Alitalia in Extraordinary Administration was made.

### 5.2 REGULATORY AGREEMENT AND NEW TARIFF DYNAMIC 2020-2023

The current year 2019 is the last year of the four-year 2016-2019 Regulatory Agreement between Ente Nazionale per l'Aviazione Civile (hereafter "ENAC") and Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereafter "AdB").

The parent company therefore initiated in 2019 negotiations and preliminary activities with ENAC for the drafting of the Regulatory Agreement for the 2020-2023 four-year period and with the Transport Regulation Authority (TRA), for the calculation of the airport "tariffs" for the same four-year period.

AdB therefore presented to ENAC the 2020-2023 four-year plan, including the Investments Plan, the traffic forecasts and the Economic and finance plan - the Environmental protection and quality plan. The Italian National Civil Aviation Authority expressed a positive opinion of this four-year plan on July 15, 2019.

The Transport Regulation Authority on July 31, 2019 approved the launch of the process to verify compliance with the governance Models for airport charges, approved with motion No. 92/2017 of July 6,

2017, for G. Marconi Airport of Bologna, on the basis of the charges review proposal for the 2020-2023 period presented by AdB S.p.A., with the launch of the consultation process between the manager and airport users on August 2, 2019.

The public hearing was held on September 12, 2019. At this hearing, users and the Manager reached a broad understanding on the tariff proposal for the 2020-2023 period.

For further details on the regulatory framework and litigation, as there were no further significant changes upon that commented upon in the Consolidated Half-Year Report at June 30, 2019, reference should be made to this document for additional information.

## 6 MAIN RISKS AND UNCERTAINTIES

In accordance with the disclosure requirements set out in Article 2428, paragraph 2, No. 6-*bis*, the Group holds financial instruments which are not significant in quantitative terms. Investment choices are based on:

- minimising the risk of the return of invested capital;
- the differentiation of the credit institutions;
- the duration, normally less than two years;
- the return offered.

In this regard, the Group believes the **financial risks** – understood as the risks of changes in the value of the financial instruments – to be limited.

The Group is not subject to **foreign exchange risk** since it does not undertake transactions in foreign currencies.

In view of the significant commitments to infrastructure development, **liquidity risk** could manifest as difficulty in obtaining timely, cost-effective financing. To meet the needs deriving from its investment plan, the Group has taken comprehensive steps to obtain the medium-term financial resources required for its development. In particular, the Parent Company's IPO has improved the Group's balance sheet solidity. Finally, the cash flows, funding requirements and the liquidity of the Group companies are constantly monitored in order to ensure the efficient management of financial resources.

The Group has sought to minimise **interest rate risk**, in view of its outstanding financing, by entering into both fixed-rate and floating-rate facilities.

Finally, the Group's **credit risk** is concentrated, in that 51% of its accounts receivable are claimed from its top ten clients. This risk is offset through specific trade payable management and control tools and procedures, in addition to adequate provisioning for doubtful accounts, according to the principles of prudence and in compliance with the accounting standards IFRS 15 and IFRS 9, which strengthens the *ex-ante* analysis approach, rather than existing receivable recovery, in the credit risk assessment processes.

The commercial policies pursued by the Group to limit its exposure involve:

- requesting immediate payment for transactions with end consumers or occasional counterparties (i.e., parking areas);
- requesting advance payment from occasional airlines or airlines without an appropriate credit profile or collateral;
- requesting performance bonds from sub-concessionaire clients.

### **Risks related to a dependence on Ryanair traffic volumes**

Group operations are significantly based on relations with the leading airlines at the airport and to which the Group offers its services, including - in particular - Ryanair. Due to the large proportion of total passenger flights at the airport operated by Ryanair, the Group is exposed to the risk that the airline may scale back or discontinue entirely its operations at the airport. Ryanair passengers accounted for 45.0% of the airport's total traffic volumes in 9M 2019. AdB and Ryanair strengthened their partnership on October 27, 2016 by entering into a long-term agreement set to expire in 2022, whereby they undertook to increase the number of destinations served by Bologna airport, in addition to achieving a consistently high standard of service due to the airport's continuing investments and the airline's "Always Getting Better" programme. The agreement lays out a scheme relating to the airport's traffic development policy and Ryanair's commitment to abide by it, in addition to a contractual safeguard mechanism that ensures that the objectives will be met. Although in the Company's opinion Bologna airport is of strategic importance to the airline, it is still possible that Ryanair may decide to change the routes served, significantly reducing or discontinuing entirely its flights at the airport, or that at some point in the future the agreement might not be renewed, in whole or in part, or might contain conditions less favourable for the Group. Any reduction or stoppage of flights by the afore-mentioned airline or the stoppage or change to flights with other destinations with high passenger traffic volumes may impact - even to a significant degree - the Group financial statements. In the light of the interest shown by low-cost carriers in Bologna airport and of general traffic development at the airport, the Company believes that the Group could reasonably weather a possible discontinuation or limitation of flights by Ryanair through the possible redistribution of passenger traffic to the other airlines operating at the airport and the airport's ability to attract new carriers. However, there remains the possibility that if a significant period of time were to elapse from the discontinuation of flight operations and the partial or complete replacement of the lost flights by other carriers, or if such replacement were to prove more difficult than expected or wholly or partially infeasible, such a discontinuation or reduction of flights could have an adverse effect, including to a material degree, on the Group's financial performance and financial position.

### **Risk related to the effect of incentives on revenue margins**

The Parent Company is exposed to the risk of a decrease in the margins of its Aviation Business Unit due to an increase in traffic volumes by airlines that receive incentives. In accordance with its incentive policy aimed at developing traffic and routes at the Airport, the Company pays some airlines – including both legacy and low-cost carriers – incentives tied to passenger traffic volumes and new routes. This policy limits incentives to levels compatible with positive revenue margins for the Group on each airline's operations. However, should passenger traffic and the routes operated by airlines receiving incentives increase over time, the Aviation Business Unit's positive margins could decline proportionally, with a negative impact, possibly to a material degree, on the Group's financial performance and financial position.

Although the low-cost segment's share of the Italian national market is increasing, the Group manages this risk by actively developing a traffic mix that permits it to maintain positive margins.

### **Risks related to implementation of the Action Plan**

The Parent Company invests in the Airport on the basis of an Action Plan approved by the Italian Civil Aviation Authority (ENAC). AdB could encounter difficulties in implementing the investments provided for under the Action Plan in a timely manner due to unforeseeable events or delays in the process of obtaining authorisation for and/or executing the works, with positive adverse effects on the amount of the tariffs that may be applied and possible risks of withdrawal from or termination of the Agreement. The Action Plan was drafted on the basis of the investments envisaged in the Master Plan according to a modular approach, the main driver of which is air traffic performance.

### **Risks concerning the regulatory framework**

The Aeroporto Guglielmo Marconi di Bologna S.p.A. Group's core business involves acting as concession holder operating under special exclusive rights to the Bologna airport grounds. Primarily for this reason, it operates in an industry that is highly regulated at the domestic, supranational and international levels. Any change to the regulatory framework (and in particular any changes in relations with the state, public bodies and sector authorities, the determination of airport fees and the amount of concession fees, the airport tariff system, the allocation of slots, environmental protection and noise pollution) may impact operations and Company and Group results.

With regards to the **Brexit effect**, the potential economic and social repercussions may not be easily foreseen, particularly with regards to air transport. To date however, no communications regarding changes to the operating schedules of airlines at Bologna airport with regards to Brexit have been received.

**The introduction of the IRESA** (see the Regulatory Framework chapter of the Consolidated Half-Year Report at June 30, 2019) from January 1, 2020 on airports in the Emilia-Romagna Region - although not directly regarding the AdB Group as the tax is upon the airlines - potentially damages the competitiveness of the Group given the non-uniform imposition of this tax in neighbouring regions.

Finally, **Regulation EU 2015/1998 concerning the security equipment for checked baggage security controls** establishes that such equipment should satisfy "standard 3" from September 1, 2020, for an estimated investment for the Group of Euro 4.7 million.

### **Risk related to the high level of intangible assets in proportion to the Group's total assets and shareholders' equity**

With regards to the preparation of the interim consolidated financial statements at September 30, 2019, as indicators of impairment as defined by IAS 36 are not evident and considering that Group economic-financial performances are in line with the 2019-2044 economic-financial forecast drawn up by the Board of Directors and utilised in the impairment tests at December 31, 2018 and in previous years, impairment tests were not carried out as no such indicators have emerged in terms of the Concession rights recognised at September 30, 2019.

In the Group Consolidated Financial Statements at December 31, 2018, non-current assets include, among others, concession rights for Euro 166 million and Euro 157 million at December 31, 2017. They accounted for 63.77% of total assets at December 31, 2018 and for 60.02% at December 31, 2017. Concession Rights accounted respectively for 95.73% of Group shareholders' equity at December 31, 2018 and for 91.27% at December 31, 2017. These amounts represent the values of the concession rights as determined in accordance with the application of interpretation IFRIC 12 – *Service Concession Arrangements* ("IFRIC 12") to all assets set to revert to the grantor, ENAC, received in 2004.

When preparing the Group's Consolidated Financial Statements, the concession rights were tested for impairment in accordance with IAS 36. The impairment test performed did not identify any impairment of the carrying amounts of the concession rights in 2018 and no impairment losses were therefore recognised on the assets concerned.

### **Seasonality of revenues**

Due to the cyclical nature of the sector in which the Group generally operates, higher revenues and operating results are expected in the third quarter rather than in the first and final quarters of the year. Higher revenues are concentrated in June-September, during the peak summer vacation period experiencing maximum usage levels. In addition, there is a strong business passenger component, due to the characteristics of the local business community and the presence of internationally renowned trade fair events, which offsets the seasonal peaks of tourist activity. Accordingly, financial performance figures for interim periods may not be representative of the Group's financial performance and financial position situation at the annual level.



## 7 ALTERNATIVE PERFORMANCE INDICATORS

In this Directors' Report, various performance indicators are presented in order to permit a better assessment of operating performance and financial position.

On December 3, 2015, Consob published Communication No. 92543/15, rendering applicable the Guidelines issued on October 5, 2015 by the European Security and Markets Authority (ESMA) regarding the presentation of such indicators in regulated information circulated or financial statements published on or after July 3, 2016. These Guidelines, updating the previous CESR Recommendation (CESR/05-178b), seek to promote the utility and transparency of alternative performance indicators included in regulated information or financial statements within the scope of application of Directive 2003/71/EC in order to improve their comparability, reliability and comprehensibility.

The criteria utilised for these indicators, in line with the above communications, are provided below:

- **EBITDA:** EBITDA (earnings before interest, taxation, depreciation and amortisation) is defined by management as the result before taxes for the year, financial income and charges, income and charges from equity investments, depreciation, amortisation and impairment. It therefore coincides, in this case, with the gross operating margin. EBITDA is not identified as an accounting measure as per IFRS and therefore should be considered as an alternative measure for the evaluation of the Group's performance. Since calculation of this indicator is not governed by the accounting standards that form the basis of preparation of the Group's Consolidated Financial Statements, the criterion used to determine and measure the indicator might not be uniform with that adopted by other groups. Accordingly, the figure in question might not be comparable with that presented by such other groups;
- **Adjusted EBITDA:** this is a measure used by the Group's management to monitor and assess the Group's operating and financial performance. It is calculated by subtracting from EBITDA the margin calculated as the difference between the Group's construction revenues and construction costs as the Airport's manager;
- **Net Financial Position:** the composition of net financial position is represented in accordance with the Consob Communication of July 28, 2006 and ESMA recommendation ESMA/2011/81.

## 8 GUARANTEES PROVIDED

The following table summarises the guarantees granted by the Group.

In thousands of Euro	at 30/09/2019	at 30/09/2018	Change	Change %
Sureties	6,700	6,348	352	5.5%
Pledge on Equity Financial Instruments	10,873	10,873	0	0.0%
Patronage letters	3,395	3,906	(511)	-13.1%
<b>Total guarantees provided</b>	<b>20,968</b>	<b>21,127</b>	<b>(159)</b>	<b>-0.8%</b>

At September 30, 2019, the guarantees granted by the Group total approx. Euro 21 million and principally concern:

- sureties, mainly:
  - o to ENAC (the Italian Civil Aviation Authority) pursuant to the Full Management Agreement (Euro 5.4 million);
  - o to the Bologna Customs Agency for various custom deposits of the subsidiary Fast Freight Marconi Spa totalling Euro 1.15 million. For these latter there is a co-obligation of the Parent Company for a similar amount;
- a pledge of the equity financial instrument issued by Marconi Express S.p.a. and subscribed for by the Parent Company for a nominal value of Euro 10.87 million, securing the obligations of Marconi Express to the credit institutions that financed the People Mover project, fully settled at September 30, 2019;



- a letter of patronage concerning the mortgage loan granted to the subsidiary Tag Bologna S.r.l. by Banca Agricola Mantovana (now Monte dei Paschi di Siena), equal to the residual principal, which at the end of the period amounted to Euro 3.4 million.

## **9 SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to period end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.

However, some significant events occurred after the end of the period or are set to occur in the coming months.

### **Traffic performance and launch of new connections**

The airport reported 807,552 passengers for October 2019, up 8.1% on the same month of 2018. Flights also rose (+3.8%, to 6,232), whereas total air cargo transported decreased by 14.8% on the previous year, for a total of 3,385 tonnes.

In the January-October period of 2019, overall passengers at Marconi numbered 7,976,208, up 11% on 2018. Flights were up 8.7% (61,716), while cargo declined by 5.6% (31,709 tonnes).

With regards to the launch of new connections and the addition of flights:

- Ryanair began to operate new flights to:
  - Santander, with 2 weekly flights from October 28;
  - Katowice, with 2 weekly flights from October 29;
  - Tel Aviv, with 2 weekly flights from October 29;
  - Fuerteventura, with 1 weekly flight from November 2;
  - Kutaisi, with 2 weekly flight from November 9.

Wizz Air will begin to operate twice weekly service to Kutaisi starting on November 23.

Finally, the Ryanair flights to Podgorica and Bordeaux (with 2 weekly flights) and Crotone and Marseilles (with 3 weekly flights) will become annual flights from Winter 2019/2020.

### **Update of airport charges procedure for the 2020-2023 period**

A supplementary session of the user consultation procedure was held on October 1, 2019. At this session, the Airport Manager and airport users reached an agreement on the proposed PRM fee for 2020.

On October 24, 2019 the Transport Regulation Authority passed a resolution certifying the conformity of the proposed revision of 2020-2023 airport charges prepared by AdB and approved by the airport users. The Authority's prescriptions will be taken into account by the Company when preparing and publishing the amended tariff proposal, to be completed within 60 days of the publication of the Authority's resolution.

### **Inter-company and other related party transactions**

Reference should be made to the specific paragraph of the Notes to the consolidated financial statements at September 30, 2019 for information concerning transactions undertaken during the period with subsidiaries, associates and related parties.

**Business Outlook**

Although within an international and domestic framework featuring a number of divergent risk factors (the introduction of customs charges, Brexit, political instability), the performance in the first nine months of 2019 - thanks to strong traffic performances - bodes well for the remainder of the year.

Against this backdrop, the company will take all measures necessary to roll out the investments set out in the Master Plan and the regulatory agreement, to ensure that infrastructural capacity keeps pace with expected traffic development.

*The Chairman of the Board of Directors*  
**(Enrico Postacchini)**

Bologna, November 11, 2019

## **Consolidated Financial Statements for the period ended September 30, 2019**

Statement of Consolidated Financial Position  
Consolidated Income Statement  
Consolidated Statement of Comprehensive Income  
Consolidated Cash Flow Statement  
Statement of Changes in Consolidated Shareholders' Equity

## Statement of Consolidated Financial Position

<i>in thousands of Euro</i>	Note	As at 30.09.2019	As at 31.12.2018
Concession rights		172,964	166,292
Other intangible assets		2,079	2,059
<b>Intangible assets</b>	<b>1</b>	<b>175,043</b>	<b>168,351</b>
Property, plant and equipment		14,398	15,135
Investment property		4,732	4,732
<b>Tangible assets</b>	<b>2</b>	<b>19,130</b>	<b>19,867</b>
Investments	<b>3</b>	43	43
Other non-current financial assets	<b>4</b>	12,215	16,205
Deferred tax assets	<b>5</b>	6,120	6,108
Other non-current assets	<b>6</b>	1,443	1,464
<b>Other non-current assets</b>		<b>19,821</b>	<b>23,820</b>
<b>NON-CURRENT ASSETS</b>		<b>213,994</b>	<b>212,038</b>
Inventories	<b>7</b>	534	594
Trade receivables	<b>8</b>	18,573	14,272
Other current assets	<b>9</b>	6,620	4,661
Current financial assets	<b>10</b>	0	13,449
Cash and cash equivalents	<b>11</b>	24,614	15,762
<b>CURRENT ASSETS</b>		<b>50,341</b>	<b>48,738</b>
<b>TOTAL ASSETS</b>		<b>264,335</b>	<b>260,776</b>

<i>in thousands of Euro</i>	Note	As at 30.09.2019	As at 31.12.2018
Share capital		90,314	90,314
Reserves		66,941	65,469
Profit/(loss) for the period		17,902	17,927
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>175,157</b>	<b>173,710</b>
<b>MINORITY INTERESTS</b>		<b>0</b>	<b>0</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>12</b>	<b>175,157</b>	<b>173,710</b>
Severance and other personnel provisions	<b>13</b>	4,431	4,205
Deferred tax liabilities	<b>14</b>	2,501	2,456
Provision for renewal of airport infrastructure	<b>15</b>	9,299	10,332
Provisions for risks and charges	<b>16</b>	1,146	1,028
Non-current financial liabilities	<b>17</b>	14,551	14,690
Other non-current liabilities		193	168
<b>NON-CURRENT LIABILITIES</b>		<b>32,121</b>	<b>32,879</b>
Trade payables	<b>18</b>	13,834	19,011
Other liabilities	<b>19</b>	32,389	26,367
Provision for renewal of airport infrastructure	<b>20</b>	3,805	1,757
Provisions for risks and charges	<b>21</b>	756	526
Current financial liabilities	<b>22</b>	6,273	6,526
<b>CURRENT LIABILITIES</b>		<b>57,057</b>	<b>54,187</b>
<b>TOTAL LIABILITIES</b>		<b>89,178</b>	<b>87,066</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>264,335</b>	<b>260,776</b>

## Consolidated Income Statement

<i>In thousands of Euro</i>	Note	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018
Revenues from aeronautical services		48,890	42,596
Revenues from non-aeronautical services		33,502	30,795
Revenues from construction services		11,315	8,993
Other operating revenues and income		763	799
<b>Revenues</b>	<b>23</b>	<b>94,470</b>	<b>83,183</b>
Consumables and goods		(1,590)	(1,532)
Service costs		(14,992)	(15,084)
Construction service costs		(10,776)	(8,565)
Leases, rentals and other costs		(6,499)	(6,072)
Other operating expenses		(2,426)	(2,451)
Personnel costs		(21,958)	(20,172)
<b>Costs</b>	<b>24</b>	<b>(58,241)</b>	<b>(53,876)</b>
Amortisation of concession rights		(4,643)	(4,320)
Amortisation of other intangible assets		(904)	(704)
Depreciation of tangible assets		(2,060)	(1,624)
<b>Depreciation, amortisation &amp; impairments</b>	<b>25</b>	<b>(7,607)</b>	<b>(6,648)</b>
Provisions for doubtful accounts		(516)	(57)
Provision for renewal of airport infrastructure		(1,795)	(2,000)
Provisions for other risks and charges		(306)	(233)
<b>Provisions for risks and charges</b>	<b>26</b>	<b>(2,617)</b>	<b>(2,290)</b>
<b>Total Costs</b>		<b>(68,465)</b>	<b>(62,814)</b>
<b>Operating result</b>		<b>26,005</b>	<b>20,369</b>
Financial income	<b>27</b>	88	576
Financial expenses	<b>27</b>	(1,007)	(453)
<b>Result before taxes</b>		<b>25,086</b>	<b>20,492</b>
Taxes for the period	<b>28</b>	(7,184)	(5,882)
<b>Profit (loss) for the period</b>		<b>17,902</b>	<b>14,610</b>
Minority interest profit (loss)		0	156
<b>Group profit (loss) for the period</b>		<b>17,902</b>	<b>14,454</b>
<b>Undiluted earnings/(loss) per share (in Euro)</b>		<b>0.49</b>	<b>0.40</b>
<b>Diluted earnings/(loss) per share (in Euro)</b>		<b>0.49</b>	<b>0.40</b>

## Consolidated Statement of Comprehensive Income

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018
<b>Profit (loss) for the period (A)</b>	<b>17,902</b>	<b>14,610</b>
<i>Other profits (losses) that will be reclassified in the net result for the period</i>		
<b>Total other profits (losses) that will be reclassified in the net result for the period (B1)</b>	<b>0</b>	<b>0</b>
<i>Other profits (losses) that will not be reclassified in the net result for the period</i>		
Actuarial profits (losses) on severance and other personnel provisions	(309)	49
Tax impact on actuarial profits (losses) on severance and other personnel provisions	74	(12)
<b>Total other profits (losses) that will not be reclassified in the net result for the period (B2)</b>	<b>(235)</b>	<b>37</b>
<b>Total other profits (losses), net of taxes (B1 + B2) = B</b>	<b>(235)</b>	<b>37</b>
<b>Total comprehensive profits (loss) net of taxes (A + B)</b>	<b>17,667</b>	<b>14,647</b>
of which Minority Interests	0	155
of which Group	17,667	14,492

## Consolidated Cash Flow Statement

<i>in thousands of Euro</i>	<b>As at 30.09.2019</b>	<b>As at 30.09.2018</b>
<i>Core income-generating operations</i>		
Result for the period before taxes	25,086	20,492
<i>Adjustments to items with no impact on cash and cash equivalents</i>		
- Margin from construction services	(539)	(428)
+ Depreciation and amortisation	7,607	6,648
+ Provisions	2,617	2,290
+ Interest expense on discounting provisions and severance	648	(370)
+/- Interest income and financial charges	271	248
+/- Losses/gains and other non-monetary costs/revenues	0	(1)
+/- Severance provisions and other personnel expenses	74	88
<b>Cash flow generated/(absorbed) by operating activities before changes in working capital</b>	<b>35,764</b>	<b>28,967</b>
Change in inventories	60	11
(Increase)/decrease in trade receivables	(4,816)	(2,123)
(Increase)/decrease in other receivables and current/non-current assets (non-financial)	(1,913)	(922)
Increase/(decrease) in trade payables	(5,177)	1,708
Increase/(decrease) in other liabilities, various and financial	2,817	2,176
Interest paid	(246)	(286)
Interest collected	105	120
Taxes paid	(3,393)	(2,752)
Severance and other personnel provisions paid	(218)	(138)
Use of provisions	(1,377)	(4,305)
<b>Cash flow generated / (absorbed) by net operating activities</b>	<b>21,606</b>	<b>22,456</b>
Purchase tangible assets	(1,301)	(1,174)
Payment from sale of tangible assets	0	6
Purchases of intangible assets/concession rights	(9,209)	(9,753)
Proceeds on sale of intangible assets/concession rights	0	389
Purchase/capital increase of equity investments	0	0
Proceeds on sale of equity investments	0	117
Change in investment in current and non-current financial assets	17,400	20,500
<b>Cash flow generated / (absorbed) by investment activities</b>	<b>6,890</b>	<b>10,085</b>
Proceeds from the issuance of shares and other equity instruments	0	0
Dividends paid	(16,220)	(14,161)
Loans received	3,000	0
Loans repaid	(6,041)	(3,039)
Payments of leasing capital share	(383)	0
<b>Cash flow generated / (absorbed) by financing activities</b>	<b>(19,644)</b>	<b>(17,200)</b>
<b>Final cash change</b>	<b>8,852</b>	<b>15,341</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>15,762</b>	<b>16,209</b>
<b>Final cash change</b>	<b>8,852</b>	<b>15,341</b>
<b>Cash and cash equivalents at end of period</b>	<b>24,614</b>	<b>31,550</b>

## Statement of changes in Consolidated Shareholders' Equity

In thousands of Euro	Share capital	Share Premium Reserve	Legal reserve	Other reserves	FTA Reserve	Actuarial profits/(losses) reserve	Profits (losses) Carried Forward	Profit (loss) for the period	Group shareholders' equity	Minority interests	Shareholders' Equity
<b>Shareholders' Equity as at 31.12.2018</b>	<b>90,314</b>	<b>25,683</b>	<b>6,310</b>	<b>36,437</b>	<b>(3,272)</b>	<b>(821)</b>	<b>1,132</b>	<b>17,927</b>	<b>173,710</b>	<b>0</b>	<b>173,710</b>
Allocation of the 2018 financial year result	0	0	860	592	0	0	16,475	(17,927)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(16,220)	0	(16,220)	0	(16,220)
Assets held-for-sale	0	0	0	0	0	0	0	0	0	0	0
Total comprehensive profit (loss)	0	0	0	0	0	(235)	0	17,902	17,667	0	17,667
<b>Shareholders' Equity as at 30.09.2019</b>	<b>90,314</b>	<b>25,683</b>	<b>7,170</b>	<b>37,029</b>	<b>(3,272)</b>	<b>(1,056)</b>	<b>1,387</b>	<b>17,902</b>	<b>175,157</b>	<b>0</b>	<b>175,157</b>

In thousands of Euro	Share capital	Share Premium Reserve	Legal Reserve	Other Reserves	FTA Reserve	Actuarial profits/(losses) reserve	Profits (losses) Carried Forward	Assets held for sale reserve	Profit (loss) for the period	Group shareholders' equity	Minority interests	Shareholders' Equity
<b>Shareholders' Equity as at 31.12.2017</b>	<b>90,314</b>	<b>25,683</b>	<b>5,545</b>	<b>35,600</b>	<b>(3,222)</b>	<b>(914)</b>	<b>2,513</b>	<b>13</b>	<b>15,969</b>	<b>171,501</b>	<b>821</b>	<b>172,322</b>
Allocation of the 2017 financial year result	0	0	752	837	0	0	14,379	0	(15,969)	0	0	0
Share capital increase	0	0	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	(14,161)	0	0	(14,161)	0	(14,161)
Assets held-for-sale	0	0	0	0	0	0	0	(13)	0	(13)	0	(13)
Total comprehensive profit (loss)	0	0	0	0	0	37	0	0	14,454	14,491	156	14,647
<b>Shareholders' Equity as at 30.09.2018</b>	<b>90,314</b>	<b>25,683</b>	<b>6,297</b>	<b>36,437</b>	<b>(3,222)</b>	<b>(877)</b>	<b>2,731</b>	<b>0</b>	<b>14,454</b>	<b>171,818</b>	<b>977</b>	<b>172,795</b>



## Notes to the consolidated financial statements

## Information on Group activities

The Group operates in the airport management business. In particular:

- Aeroporto Guglielmo Marconi di Bologna S.p.A. (hereinafter “AdB” or the “Parent Company”) is full manager of Bologna airport under Full Management Agreement No. 98 of July 12, 2004 and subsequent additional instruments, approved by Decree of the Ministry of Transport and Infrastructure and the Ministry of the Economy and Finance on March 15, 2006, with a term of 40 years from December 28, 2004. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register.
- Fast Freight Marconi S.p.A. (hereinafter FFM) operates in the cargo and mail handling business at Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A..
- TAG Bologna S.r.l. (hereinafter TAG) operates in the general aviation business as a handler and manager of the related infrastructure at the Bologna airport. Its registered office is located at Via del Triumvirato 84, Bologna and it is registered with the Bologna Companies Register. It is subject to management and coordination by Aeroporto Guglielmo Marconi di Bologna S.p.A..

## Accounting Standards adopted for the preparation of the Condensed Consolidated Interim Financial Statements at September 30, 2019

### Basis of preparation

The condensed consolidated interim financial statements of the Group (hereafter “the condensed consolidated interim financial statements of the Group” or “consolidated financial statements”) were prepared for the nine months ended September 30, 2019 and include the comparative figures for the year ended December 31, 2018, limited to the Consolidated Statement of Financial Position and the comparative figures for the January 1-September 30 period, limited to the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement. The consolidated financial statements were prepared under the historic cost convention, except for financial assets held-for-sale, and Intangible Assets comprising Energy Certificates, which were recognised at fair value, and in accordance with the going concern principle. The Group considers that no significant uncertainties exist (as defined by paragraph 25 of IAS 1) on the going concern.

The consolidated financial statements are presented in thousands of Euro, which is also the Group functional currency, and all amounts are rounded to the nearest thousands of Euro, where not otherwise indicated.

The publication of the condensed consolidated interim financial statements of Aeroporto Guglielmo Marconi di Bologna S.p.A. and the two subsidiaries (the Group) for the first nine months of 2019 was approved by the Board of Directors on November 11, 2019.

## Content and form of the condensed consolidated financial statements

The Condensed Consolidated Interim Financial Statements at September 30 were prepared as per IAS 34 “Interim Financial Statements” including condensed explanatory notes in accordance with the above-mentioned international accounting standard and supplemented in order to provide greater disclosure where considered necessary. These Consolidated Financial Statements must therefore be read together with the Consolidated Financial Statements for the year 2018 prepared in accordance with IFRS International Accounting Standards issued by the International Accounting Standards Board (“IASB”) and prepared considering the transition date to IFRS (First Time Adoption “FTA”) as January 1, 2012.

The accounting standards and policies utilised are those adopted for the preparation of the annual financial statements at December 31, 2018 with the exception of the new accounting standards, amendments and interpretations which entered into force from January 1, 2019, applied for the first time by the Group at the obligatory effective date. In particular, the new standard IFRS 16 - Leasing, in relation to which reference should be made to the relative paragraph at note 2. Various other amendments and interpretations are applied for the first time in 2019, but did not impact the condensed consolidated interim financial statements of the Group.

The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

The Group opted to apply the Separate and Comprehensive Income Statements, as permitted by IAS 1, considering such more representative of operations. In particular, the Statement of Consolidated Financial Position has been prepared by separating assets and liabilities into current and non-current categories.

An asset is considered current where:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is held mainly for the purpose of negotiating it;
- it is expected to be realized within twelve months of the closing date of the year; or
- it comprises cash or cash equivalents, upon which no prohibition exists on their exchange or utilisation to settle a liability for at least 12 months from the reporting date.

All other assets are classified as non-current.

A liability is considered current where:

- it is expected to be settled within the normal operating cycle;
- it is held principally for trading;
- it is expected to be settled within twelve months from the year-end;
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified respectively under non-current assets and liabilities.

The Consolidated Income Statement has been prepared by classifying income and expenses by their nature, whereas the Consolidated Cash Flow Statement has been prepared using the indirect method, according to which cash flows are classified into operating, investing and financing categories.

## Consolidation Scope

The consolidated financial statements were prepared based on the financial statements of the Parent Company and its subsidiaries, directly and indirectly held, approved by the respective shareholders' meetings or executive bodies, appropriately adjusted in line with IFRS. The subsidiary companies are fully consolidated from the date of acquisition, or from the date in which the Group acquires control, and ceases to be consolidated at the date on which the Group no longer has control.

The following table summarises the information on the subsidiaries at September 30, 2019 and December 31, 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	as at 30.09.2019	as at 31.12.2018
Fast Freight Marconi S.p.a. Società Unipersonale	Euro	520	100.00%	100.00%
Tag Bologna S.r.l. Società Unipersonale	Euro	316	100.00%	100.00%

The following table summarise the information on the associated companies at September 30, 2019 and December 31, 2018 in terms of the Group's direct and indirect holding.

<i>in thousands of Euro</i>	Currency	Share capital	as at 30.09.2019	as at 31.12.2018
Ravenna Terminal Passeggeri S.r.l.	Euro	50	24.00%	24.00%

The Share Capital of the associated company Ravenna Terminal Passeggeri Srl, of Euro 165 thousand at December 31, 2018, was reduced due to losses to Euro 54 thousand by the Shareholders' Meeting of May 16, 2019, which additionally approved the subsequent voluntary Euro 50 thousand reduction. This transaction had no impact on the consolidated financial statements of the AdB Group as the value of the investment was fully written down in previous financial years.

## Operating Segment information

The Aeroporto Guglielmo Marconi di Bologna Group, in application of IFRS 8, identified its operating segments as the business areas which generate revenues and costs, whose results are periodically reviewed by the highest decision-making level in order to evaluate the outcome of the decisions concerning the allocation of resources and for which separate financial statements are available.

The Group operating segments as per IFRS 8 - Operating Segment are as follows:

- Aviation;
- Non-Aviation;
- Other.

The disclosure concerning operating segments for the Continuing Operations is outlined to reflect the future organisational structure of the Group, with separate disclosure for Discontinued Operations.

In relation to the operating segments, the Group evaluates their performance based on passenger revenues, separating those concerning the aviation sector from those concerning the non-aviation sector.

The account "Other" residually includes those businesses not directly attributable to the identified segments.

In Group operations, financial income and charges and taxes are not allocated to the individual operating segments.

The segment assets are those employed by the segment for operating activities or which may be allocated reasonably for the carrying out of operating activities.

The segment assets presented are measured utilising the same accounting policies adopted for the presentation of the Group consolidated financial statements.

<i>In thousands of Euro</i>	For the nine months ended 30.09.2019 Aviation	For the nine months ended 30.09.2019 Non-Aviation	For the nine months ended 30.09.2019 Other	For the nine months ended 30.09.2019
Revenues	59,652	34,818	0	94,470
Costs	(43,442)	(14,799)	0	(58,241)
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>16,210</b>	<b>20,019</b>	<b>0</b>	<b>36,229</b>
Depreciation, amortisation & impairment	(5,241)	(2,366)	0	(7,607)
Provisions	(2,309)	(308)	0	(2,617)
<b>Operating result</b>	<b>8,660</b>	<b>17,345</b>	<b>0</b>	<b>26,005</b>
Financial income	0	0	88	88
Financial expenses	0	0	(1,007)	(1,007)
<b>Result before taxes</b>	<b>8,660</b>	<b>17,345</b>	<b>(919)</b>	<b>25,086</b>
Taxes for the period	0	0	(7,184)	(7,184)
<b>Profit (loss) for the period</b>	<b>8,660</b>	<b>17,345</b>	<b>(8,103)</b>	<b>17,902</b>
<b>Minority interest profit (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group profit (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,902</b>

<i>In thousands of Euro</i>	For the nine months ended 30.09.2018 Aviation	For the nine months ended 30.09.2018 Non-Aviation	For the nine months ended 30.09.2018 Other	Total for the nine months ended 30.09.2018
Revenues	51,034	32,149	0	83,183
Costs	(39,054)	(14,822)	0	(53,876)
<b>GROSS OPERATING PROFIT (EBITDA)</b>	<b>11,980</b>	<b>17,327</b>	<b>0</b>	<b>29,307</b>
Depreciation, amortisation & impairment	(4,477)	(2,171)	0	(6,648)
Provisions	(1,983)	(307)	0	(2,290)
<b>Operating result</b>	<b>5,520</b>	<b>14,849</b>	<b>0</b>	<b>20,369</b>
Financial income	0	0	576	576
Financial expenses	0	0	(453)	(453)
<b>Result before taxes</b>	<b>5,520</b>	<b>14,849</b>	<b>123</b>	<b>20,492</b>
Taxes for the period	0	0	(5,882)	(5,882)
<b>Profit (loss) for the period</b>	<b>5,520</b>	<b>14,849</b>	<b>(5,759)</b>	<b>14,610</b>
<b>Minority interests' profit (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156</b>
<b>Group profit (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,454</b>

The table below presents the segment information for assets:

<i>in thousands of Euro</i>	As at 30.09.2019 Aviation	As at 30.09.2019 Non-Aviation	As at 30.09.2019 Other	As at 30.09.2019 Total
<b>Non-current assets</b>	<b>164,170</b>	<b>30,041</b>	<b>19,783</b>	<b>213,994</b>
<b>Intangible assets</b>	<b>159,792</b>	<b>15,251</b>	<b>0</b>	<b>175,043</b>
Concession rights	158,734	14,230	0	172,964
Other intangible assets	1,058	1,021	0	2,079
<b>Tangible assets</b>	<b>4,359</b>	<b>14,771</b>	<b>0</b>	<b>19,130</b>
Property, plant and equipment	4,359	10,039	0	14,398
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>19</b>	<b>19</b>	<b>19,783</b>	<b>19,821</b>
Investments	0	0	43	43
Other non-current financial assets	0	0	12,215	12,215
Deferred tax assets	0	0	6,120	6,120
Other non-current assets	19	19	1,405	1,443
<b>Current assets</b>	<b>18,154</b>	<b>7,050</b>	<b>25,137</b>	<b>50,341</b>
Inventories	334	200	0	534
Trade receivables	12,441	6,132	0	18,573
Other current assets	5,379	718	523	6,620
Current financial assets	0	0	0	0
Cash and cash equivalents	0	0	24,614	24,614
<b>Total assets</b>	<b>182,324</b>	<b>37,091</b>	<b>44,920</b>	<b>264,335</b>

<i>In thousands of Euro</i>	As at 30.09.2018 Aviation	As at 30.09.2018 Non-Aviation	As at 30.09.2018 Other	As at 03.90.2018 Total
<b>Non-current assets</b>	<b>155,818</b>	<b>26,304</b>	<b>17,913</b>	<b>200,035</b>
<b>Intangible assets</b>	<b>149,872</b>	<b>13,202</b>	<b>0</b>	<b>163,074</b>
Concession rights	148,877	12,318	0	161,195
Other intangible assets	995	884	0	1,879
<b>Tangible assets</b>	<b>5,878</b>	<b>13,071</b>	<b>0</b>	<b>18,949</b>
Property, plant and equipment	5,878	8,339	0	14,217
Investment property	0	4,732	0	4,732
<b>Other non-current assets</b>	<b>68</b>	<b>31</b>	<b>17,913</b>	<b>18,012</b>
Investments	0	0	43	43
Other non-current financial assets	0	0	10,331	10,331
Deferred tax assets	0	0	6,187	6,187
Other non-current assets	68	31	1,352	1,451
<b>Current assets</b>	<b>15,286</b>	<b>5,200</b>	<b>41,694</b>	<b>62,180</b>
Inventories	309	218	0	527
Trade receivables	11,142	4,162	0	15,304
Other current assets	3,835	820	540	5,195
Current financial assets	0	0	9,604	9,604
Cash and cash equivalents	0	0	31,550	31,550
<b>Total assets</b>	<b>171,104</b>	<b>31,504</b>	<b>59,607</b>	<b>262,215</b>

Segment disclosure regarding the identified operating segments is undertaken as outlined below.

Aviation: refers to the airport's core business. This includes aircraft landing, take-off and parking fees, passenger boarding fees, freight fees, in addition to passenger security control fees and hand-carry and checked baggage control fees. It includes also cargo handling, customs clearance and fuelling operations. Finally, this segment includes all centralised infrastructure and exclusive assets: the centralised infrastructure represents revenues received in relation to infrastructure under the exclusive operation of the airport management company for reasons of safety, security or in view of their economic impact. Exclusive assets concern check-in desks, the gates and spaces assigned to airport operators.

Non-Aviation: operations not directly connected to the aviation business. This include sub-concession, retail, catering, self-hire and parking management operations, the Marconi Business Lounge and advertising.

The breakdown of revenues and costs between the Aviation and Non-Aviation SBU's follows ENAC's guidelines for analytic/regulatory reporting for airport management companies, in line with Article 11 *decies* of Law No. 248/05 and the Ministry of Transport Guidelines of December 31, 2006.

The residual accounts excluded from regulatory reporting were subsequently allocated according to the operating criteria. The main differences were as follows:

- accounts not considered relevant for regulatory accounting purposes which are allocated through a specific review of the individual cost/revenue items;
- revenues and costs for construction services allocated according to an analytical breakdown of investments in the year between the two SBU's according to regulatory criteria;
- incentives for the development of air traffic, allocated entirely to the Aviation SBU in accordance with the financial statement breakdown.

## COMMENTS ON THE MAIN ITEMS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSETS

#### 1. Intangible assets

The following table breaks down intangible assets at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Concession rights	172,964	166,292	6,672
Software, licences and similar rights	1,310	1,620	(310)
Other intangible assets	61	65	(4)
Other intangible assets in progress	708	374	334
<b>TOTAL INTANGIBLE ASSETS</b>	<b>175,043</b>	<b>168,351</b>	<b>6,692</b>



In the first nine months of 2019, Concession rights increased by Euro 8.8 million, of which Euro 7.2 million (equal to the fair value of construction services provided in the first nine months), principally due to:

- works in progress for the new de-icing apron and the relative service building;
- works on the construction of the pedestrian walkway in service of the People Mover;
- installation of new runway TVCC systems
- other activities to prepare for the passenger terminal extension.

We in addition highlight the supply and installation of new flight information monitors to improve information to the public.

Amortisation of concession rights in the period amounted to Euro 4.6 million and was applied according to the residual duration of the concession.

Software, licenses and similar rights increased Euro 0.59 million. This increase mainly concerns the introduction of new functionalities and reports on the SAP and Oracle Business Intelligence systems in addition to the new “Heep” automatic alert system for those involved in managing the Airport Emergency Plan (AEP).

Other intangible assets in progress include software development not concluded at September 30, 2019.

#### **Test on the recoverability of assets and group of assets**

With regards to the preparation of the consolidated financial statements, as indicators of impairment as defined by IAS 36 are not evident and considering that Group economic-financial performances are in line with the 2019-2044 economic-financial forecast drawn up by the Board of Directors and utilised in the impairment tests at December 31, 2018 and in previous years, impairment tests were not carried out as no such indicators have emerged in terms of the Concession rights recognised at September 30, 2019.

## 2. Tangible assets

The following table breaks down tangible assets at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Land	2,763	2,763	0
Buildings, light constructions and improvements	3,934	4,146	(212)
Machinery, equipment & plant	2,771	3,066	(295)
Furniture, EDP and transport	2,032	2,181	(149)
Building plant and machinery in progress and advances	859	2,979	(2,120)
Investment property	4,732	4,732	0
<b>TOTAL TANGIBLE ASSETS</b>	<b>17,091</b>	<b>19,867</b>	<b>(2,776)</b>
Land in leasing	1,827	0	1,827
Leased buildings and minor construction and improvements	5	0	5
Leased machinery, equipment & plant	14	0	14
Leased furniture, office machinery, transport equipment	193	0	193
<b>TOTAL LEASED TANGIBLE ASSETS</b>	<b>2,039</b>	<b>0</b>	<b>2,039</b>
<b>TOTAL TANGIBLE ASSETS</b>	<b>19,130</b>	<b>19,867</b>	<b>-737</b>

In the first nine months of 2019, this category increased overall by Euro 3.8 million, with the most significant account (Euro 2.5 million) concerning the recognition of the usage right on leased assets following the application from January 1, 2019 of the new IFRS 16 standard.

Investment property includes the total value of land owned by the Group earmarked for the construction of investment property; these amounts were initially recorded at purchase cost and subsequently measured using the cost method.

This land is not subject to amortisation but, as per IAS 40, a technical report is undertaken to support the fair value. The technical report undertaken internally by the Parent Company confirms that the value of the inscription cost approximates, for nature and strategic value of the investment, its fair value. At the preparation date of the consolidated financial statements, there were no impairment indicators on these assets.

## **IFRS 16 – Leasing**

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating leases - Incentives and SIC 27 Evaluating the substance of transactions in the legal form of a lease.

The scope of application of the new standard, which enters into force from January 1, 2019, concerns all leasing contracts, with some exceptions. The accounting method of all leasing reassumes the model under IAS 17, although excluding leasing for insignificant amounts and short-term lease contracts. At the recognition date of the lease it is necessary to recognise the liability for the lease instalments and the asset for which the entity has the right of utilisation, separately recognising the financial expenses and depreciation relating to the asset. The liability may be remeasured (for example changes in the contractual terms or changes in indices related to the payment of the instalments) and this change must be recorded on the underlying asset. From the lessor's viewpoint the accounting model is substantially unchanged from the current IAS 17.

The AdB Group has underwritten leasing contracts as lessor with the sub-license of airport areas and spaces to its customers and also has undertaken leasing contracts as lessee for equipment, plant, machinery, automotive vehicles and land.

The Group chose to apply the standard retrospectively from January 1, 2019 (modified retrospective method) and also utilised the exceptions proposed by the standard on leasing contracts which, at the date of initial application, have a duration of equal to or less than 12 months and which do not contain a purchase option ("short-term leasing") and on leases whose underlying asset is of a low value ("low value asset"). From the lessor's viewpoint, there are no changes in the new standard compared to the previous accounting method. In terms of the lessee, for leases classified previously as operating leases, the Group recorded the lease liability at the present value of the remaining payments due, discounted using the incremental borrowing rate of the lessee at the date of initial application, and recording the right-of-use asset for an amount equal to that of the liability. In particular, the net assets recognised at the date of initial application amount to Euro 2.1 million and the lease liabilities to Euro 2.1 million. Consequently, no cumulative effects have been accounted for as adjustments to opening equity, nor have the figures from the comparative period been restated.

The difference between the commitments at December 31, 2018 concerning operating leases and rentals and the liabilities from the impact of IFRS 16 is outlined below:

<i>Finance lease liabilities reconciliation table</i>	<i>In thousands of Euro</i>
Operating lease charges at December 31, 2018	2,519
Discounting effect at January 1, 2019	80
<b><i>Operating lease charges discounted at January 1, 2019</i></b>	<b><i>2,439</i></b>
Short-term lease charges	(55)
Low value asset lease charges	(19)
Charges concerning leases previously classified as finance leases	0
Expenses for any extensions not recorded at December 31, 2018	0
<b><i>Lease liabilities at January 1, 2019</i></b>	<b><i>2,365</i></b>

In addition, the 2019 first nine months figures include the following impacts from the introduction of the new accounting standard:

- ✓ depreciation increased by Euro 434 thousand and concerns right-of-use assets on land, equipment and vehicles;
- ✓ lease charges decreased by Euro 448 thousand and concern prior operating leases;
- ✓ financial expenses rose by Euro 21 thousand with regards to the interest expense on additional lease liabilities recorded.

Cash absorbed by operating activities reduced by Euro 383 thousand and cash absorbed by financing activities increased by the same amount; these amounts regard the payments of the capital portion of the lease liabilities recorded.

Finally, the capital employed in lease assets amounts to Euro 2.5 million, of which Euro 0.04 million for charges to recover land next to the parking area, as contractually established; a future charges provision was recorded as a counter-entry in accordance with IAS 37.

### 3. Investments

The tables below break down investments at September 30, 2019 (compared to December 31, 2018); the values and composition of investments remain unchanged.

<i>in thousands of Euro</i>	As at 31.12.2018	Increases / Acquisitions	Decreases / Disposals	Write-downs	As at 30.09.2019
Other investments	43	0	0	0	43
<b>TOTAL INVESTMENTS</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43</b>

The composition of the account is as follows:

<i>in thousands of Euro</i>	Holding	As at 30.09.2019	As at 31.12.2018	Change
Consorzio Energia Fiera District	14.3%	3	3	0
CAAF dell'Industria Spa	0.07%	0	0	0
Bologna Welcome Srl	10%	40	40	0
<b>TOTAL OTHER INVESTMENTS</b>		<b>43</b>	<b>43</b>	<b>0</b>

### 4. Other non-current financial assets

The following table shows the movements in other non-current financial assets for the period ended September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 31.12.2018	Increases/ Acquisitions	Decreases / Reclass.	Write-downs	As at 30.09.2019
Equity Financial Instruments	10,873	0	0	0	10,873
Escrow bank accounts/Saving bonds	5,070	0	(5,000)	0	70
Other financial assets	262	1,010	0	0	1,272
<b>TOTAL OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>16,205</b>	<b>1,010</b>	<b>(5,000)</b>	<b>0</b>	<b>12,215</b>

At September 30, 2019 the account "Other non-current financial assets" comprised:

- Euro 10.9 million of equity financial instruments in Marconi Express S.p.A., concession holder for the construction and management of the rapid rail link infrastructure between the Airport and Bologna Central Station called People Mover. This financial instrument, subscribed on January 21, 2016 for a total value of Euro 10.9 million, is recorded at September 30, 2019 corresponding to the amount effectively paid or rather the cost incurred at that date. The investment, in addition to the strategic/operating interest related to improving accessibility to the airport, meets the Group's

objective both in relation to the collection of the contractual cash flows and to any future sale of the financial asset. In accordance with the standard IFRS 9, this is therefore classified to the financial asset category “Held to collect and sell - HTC&S”. This financial instrument does not comply with the SPPI test and consequently this asset must be measured at fair value through profit or loss. Specifically, considering the difficulty in measuring the fair value of this Equity Financial Instrument, the Group availed of the exemption permitted for equity financial instruments where the fair value may not be reliably measured. Consequently, the subsequent valuations of this SFP are at cost and any reductions in value, quantified comparing the book value with the present value of the expected cash flows discounted at the market rate for similar instruments, are recorded in the Income Statement and may not be written back. This account did not report any movements in the period;

- Euro 0.07 million to the account “Escrow bank accounts/Savings bonds” concerning an escrow bank account at Banco BPM for the payment of the amounts due on the provision to and/or withdrawal of goods from the “Temporary Custody” Warehouse at Bologna Airport. This account decreased in the period by Euro 5 million due to the sale of Savings Bonds acquired in December 2018, with maturity in December 2020. In accordance with IFRS 9, these investments made to utilise temporary liquidity for the purposes of collecting contractual amounts are classified to the “Held to collect - HTC” category. The contractual maturity defined, the yield defined and calculated on the notional amount permits the passing of the SPPI tests and therefore the valuation at amortised cost. The advance settlement was undertaken in view of the payment maturities, among which the distribution of dividends on the 2018 result for Euro 16.2 million, as approved by the Shareholders’ Meeting of April 29, 2019. The advance sale does not reflect a change in the business model underlying the purchase of this financial instrument, but represents an opportunity to maximise financial income;
- Euro 1.3 million of capitalisation products; the initial Euro 0.3 million, in place at December 31, 2018, of 5-year duration and May 2021 maturity and the second of Euro 1 million acquired in the period, of 10-year duration and with 2029 maturity. In accordance with the standard IFRS 9, these assets are classified to the category “Held to collect – HTC”, as this complies with the Group’s need to invest temporary liquidity held in order to collect the contractual cash flows. In this specific case, the maturity is defined contractually, but the return is related to the capital management performance and therefore these financial instruments are measured at fair value through profit or loss.

## 5. Deferred tax assets

The following table presents the movements in deferred tax assets for the period ended September 30, 2019, compared with December 31, 2018.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Reclass.	As at 30.09.2019
DEFERRED TAX ASSETS	6,108	900	(888)	6,120

## 6. Other non-current assets

The following table breaks down other non-current assets at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Non-current prepaid expenses and accrued income	38	59	(21)
Guarantee deposits	88	88	0
Non-current tax receivables	1,317	1,317	0
<b>OTHER NON-CURRENT ASSETS</b>	<b>1,443</b>	<b>1,464</b>	<b>(21)</b>

The main account relates to non-current tax receivables concerning the receivable recorded following the IRES reimbursement request for the non-deduction of IRAP on personnel costs (Legislative Decree 201/2011 and Tax Agency Decision No. 2012/140973 of 2012) for Euro 1 million. This amount includes the share of the subsidiaries Tag Bologna and Fast Freight Marconi and the former subsidiary Marconi Handling (now GH Bologna) within the Group fiscal consolidation whose settlement will be undertaken directly by the Parent Company based on the tax consolidation agreement in the year the amounts are recorded in the financial statements.

## 7. Inventories

The following table breaks down inventories at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Inventories of raw materials, supplies and consumables	495	527	(32)
Inventories of finished products	39	67	(28)
<b>INVENTORIES</b>	<b>534</b>	<b>594</b>	<b>(60)</b>

## 8. Trade receivables

The table below illustrates the trade receivables and the relative provision for doubtful accounts:

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Trade receivables	20,046	15,230	4,816
Provisions for doubtful accounts	(1,473)	(958)	(515)
<b>TRADE RECEIVABLES</b>	<b>18,573</b>	<b>14,272</b>	<b>4,301</b>

At September 30, 2019, trade receivables for Euro 18.6 million were recorded net of the provision for doubtful accounts of Euro 1.5 million, increasing mainly on the basis of higher revenues and increased collection times.

The most significant part of the provision for doubtful accounts comprises write-downs based on specific analysis of overdue amounts and/or disputes, whose probability of recovery is estimated also through the support of legal advisors and taking into account guarantees received from clients. With regards to the individual default positions, a write-down of the residual receivable from Alitalia in Extraordinary Administration was made, in view of Article 37 of "Growth Decree" No. 34/19, which provides for the creation of a Newco to which the assets of the carrier shall be assigned.

On the residual debtor balance, classified by customer category and overdue period, the simplified parameter method is applied, as permitted by IFRS 9 for companies with a diversified and fragmented client portfolio.

The movements in the provisions for doubtful accounts were as follows:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	Releases	As at 30.09.2019
<b>PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(958)</b>	<b>(517)</b>	<b>0</b>	<b>2</b>	<b>(1,473)</b>

## 9. Other current assets

The following table breaks down other current assets at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
VAT Receivable	176	136	40
Direct income tax receivables	26	22	4
Other tax receivables	2	3	(1)
Employee receivables	95	88	7
Other receivables	6,321	4,412	1,909
<b>OTHER CURRENT ASSETS</b>	<b>6,620</b>	<b>4,661</b>	<b>1,959</b>

The most significant changes in other current assets as illustrated below refer to prepayments and accrued income, significantly higher at September 30 than the end of the previous year due to the difference in timing between payment and recognition.

Other receivables are composed of:

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Prepayments and accrued income	815	298	517
Advances to suppliers	117	105	12
Pension and social security institutions	84	54	30
Municipal surtax receivables	5,302	4,538	764
Other current receivables provision for doubtful accounts	(743)	(1,088)	345
Other current receivables	746	505	241
<b>TOTAL OTHER RECEIVABLES</b>	<b>6,321</b>	<b>4,412</b>	<b>1,909</b>

Relating to the account “Municipal surtax receivable” the Group charged the carriers the boarding fee municipal surtax, as per Article 2, paragraph 11 of Law 350/2003 and subsequent integrations and modifications, and once collected, paid the amount to the State and to INPS respectively in the measure of Euro 1.50 and Euro 5.00 per passenger boarded.

The account “other current receivables provision for doubtful accounts” includes the provision for municipal surtax doubtful accounts obtained for reclassification under assets in the statement of financial position, as a deduction of the respective receivable, of the municipal surtax to the carriers which in the meantime were subject to administration procedures or which contested the charge. This account:

- is exclusively an asset account,
- does not involve any provisions to the Income Statement,
- was classified as a deduction of the respective receivables due to the high improbability of recovery, reporting the following movements:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions/Increases	Utilizations	Releases	As at 30.09.2019
Municipal surtax receivable provision	(1,088)	(4)	349	0	(743)
<b>TOTAL OTHER RECEIVABLES PROVISIONS FOR DOUBTFUL ACCOUNTS</b>	<b>(1,088)</b>	<b>(4)</b>	<b>349</b>	<b>0</b>	<b>(743)</b>

## 10. Current Financial Assets

The following table breaks down current financial assets at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Deposit accounts	0	13,400	(13,400)
Other financial receivables	0	49	(49)
<b>CURRENT FINANCIAL ASSETS</b>	<b>0</b>	<b>13,449</b>	<b>(13,449)</b>

The changes in the period in other current financial assets are illustrated in the table below.

<i>in thousands of Euro</i>	As at 31.12.2018	Order intake	Other increases/ reclassifications	Decreases / Disposals	As at 30.09.2019
Deposit accounts	13,400	0	0	(13,400)	0
Other financial receivables	49	0	0	(49)	0
<b>TOTAL OTHER CURRENT FINANCIAL ASSETS</b>	<b>13,449</b>	<b>0</b>	<b>0</b>	<b>(13,449)</b>	<b>0</b>

The decrease in this account is due to the maturity of Euro 13.4 million of temporary liquidity investments.

## 11. Cash and cash equivalents

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Bank and postal deposits	24,587	15,735	8,852
Cash in hand and similar	27	27	0
<b>CASH AND CASH EQUIVALENTS</b>	<b>24,614</b>	<b>15,762</b>	<b>8,852</b>

## LIABILITIES

## 12. Shareholders' Equity

The following table breaks down the Shareholders' Equity at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Share capital	90,314	90,314	0
Reserves	66,941	65,469	1,472
Profit/(loss) for the period	17,902	17,927	(25)
<b>GROUP SHAREHOLDERS' EQUITY</b>	<b>175,157</b>	<b>173,710</b>	<b>1,447</b>

### i. Share capital

The share capital of the Parent Company at September 30, 2019 amounts to Euro 90,314,162, entirely paid-in and comprising 36,125,665 ordinary shares without par value.

The following table outlines the calculation of the basic and diluted earnings per share:

<i>in Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018
Group profit (loss)	17,666,993	14,491,813
Average number of shares outstanding	36,125,665	36,125,665
<b>Undiluted earnings/(losses) per share</b>	<b>0.49</b>	<b>0.40</b>
<b>Diluted earnings/(losses) per share</b>	<b>0.49</b>	<b>0.40</b>

(\*) Comprehensive Consolidated Income Statement



The undiluted earnings and diluted earnings per share of the AdB Group at September 30, 2019 and September 30, 2018 are the same due to the absence of potential dilutive instruments.

## ii. Reserves

The following table breaks down the Reserves at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Share premium reserve	25,683	25,683	0
Legal reserve	7,170	6,310	860
Extraordinary reserve	37,029	36,437	592
FTA Reserve	(3,272)	(3,272)	0
Profits (losses) carried forward	1,387	1,132	255
OCI Reserve	(1,056)	(821)	(235)
<b>TOTAL RESERVES</b>	<b>66,941</b>	<b>65,469</b>	<b>1,472</b>

The share premium reserve comprises:

- Euro 14.35 million following the paid-in share capital increase approved by the Shareholders' Meeting of February 20, 2006;
- Euro 11.33 million following the public offering of shares in July 2015.

Pursuant to Article 2431 of the Civil Code this reserve is available but may not be distributed until the legal reserve has reached the limit established as per article 2430 of the Civil Code.

The legal reserve, the extraordinary reserve and the retained earnings/(accumulated losses) increased due to the allocation of the profit in the previous year and, in relation to the Parent Company, net of the distribution of dividends approved by the Shareholders' Meeting of April 29, 2019 for Euro 16.2 million corresponding to a gross dividend of Euro 0.449 for each of the 36,125,665 ordinary shares in circulation at the dividend coupon date. The extraordinary reserve entirely comprises profits from previous years.

The OCI reserve records the changes deriving from the discounting of the severance provision in accordance with IAS 19 revised (note 14), net of the relative tax effect as per the following table:

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
IAS 19 actuarial profits/losses	(1,390)	(1,080)	(310)
Deferred taxes on actuarial gains/losses as per IAS 19	334	259	75
<b>OCI RESERVE</b>	<b>(1,056)</b>	<b>(821)</b>	<b>(235)</b>
<b>of which minority interest</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>of which Group</b>	<b>(1,056)</b>	<b>(821)</b>	<b>(235)</b>

## 13. Severance and other personnel provisions

The following table breaks down severance and other personnel provisions at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Severance	4,256	4,087	169
Other personnel provisions	175	118	57
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,431</b>	<b>4,205</b>	<b>226</b>

The table below shows the movements in the provisions from December 31, 2018 to September 30, 2019.

<i>in thousands of Euro</i>	As at 31.12.2018	Service cost	Net interest	Benefits paid	Actuarial profits/(losses)	As at 30.09.2019
Severance	4,087	17	60	(218)	310	4,256
Other personnel provisions	118	57	0	0	0	175
<b>SEVERANCE AND OTHER PERSONNEL PROVISIONS</b>	<b>4,205</b>	<b>74</b>	<b>60</b>	<b>(218)</b>	<b>310</b>	<b>4,431</b>

The other personnel provisions at September 30, 2019 concern the long-term incentive plan and the non-competition agreement of the Chief Executive Officer/General Manager of the Parent Company.

#### 14. Deferred tax liabilities

The following table breaks down the deferred tax liabilities at September 30, 2019 (compared with December 31, 2019).

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	As at 30.09.2019
<b>DEFERRED TAX LIABILITIES</b>	<b>2,456</b>	<b>45</b>	<b>0</b>	<b>2,501</b>

#### 15. Provision for renewal of airport infrastructure (non-current)

The provision for renewal of airport infrastructure includes the provision allocated to cover the conservation maintenance expenses and renewal of the assets held under concession which the Group must return at the end of the concession period, scheduled in 2044, in perfect functioning state.

The following table presents the movements in the provision in the period:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.09.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (NON-CURRENT)</b>	<b>10,332</b>	<b>2,391</b>	<b>0</b>	<b>(3,424)</b>	<b>9,299</b>

The increases in the period totalled Euro 2.4 million, of which Euro 1.8 million classified under provisions in the income statement and the residual of Euro 0.6 million recorded under financial expenses from discounting.

The utilisations of the provision total Euro 1.4 million and are stated in the current provision for renewal of airport infrastructure (note 20).

At September 30, 2019 the infrastructure renewal provision (current portion and non-current portion) totals Euro 13.1 million.

## 16. Provisions for risks and charges (non-current)

The following table shows the movements for the period ended September 30, 2019 of the provision for risks and charges:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Util./Other decreases	As at 30.09.2019
Risk provision for disputes	875	76	(1)	950
Provisions for other risks and charges	153	43	0	196
<b>PROVISIONS FOR RISKS AND CHARGES (NON-CURRENT)</b>	<b>1,028</b>	<b>119</b>	<b>(1)</b>	<b>1,146</b>

### **Contingent liabilities**

On July 26, 2016, on the completion of a general review commenced on May 18, 2016 for the year 2013 of the Parent Company, the Bologna Tax Agency prepared a tax assessment highlighting a presumed derecognition of the IRES deductibility of the loss of Euro 5 million deriving from the enforcement of the surety guarantee issued in 2007 by AdB to the financial institutions of SEAF, Società di Gestione dell'Aeroporto di Forlì, company declared bankrupt in 2013.

The Directors, taking account of the factual and legal arguments of the Parent Company, as formalised in the petitions forwarded to the Tax Agency concerning the financial and therefore tax reasoning behind the choices made, categories the liability as potential and therefore only includes appropriate disclosure in the Notes.

In relation, finally, to the extraordinary administration of Alitalia, the Group assessed the potential liability related to the revocation of receivables arising in the six months before the procedure, for an amount of Euro 1.49 million, net of municipal surtaxes. At the preparation date of this document, taking account of the information noted and the defensive arguments arising in the case in which this request is advanced, the Directors considered it appropriate to provide disclosure in the Notes, without making any accrual, although while at the same time continuing to closely monitor the airline's situation.

## 17. Non-current financial liabilities

The following table breaks down non-current financial liabilities at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Bank loans – non-current	13,045	14,690	(1,645)
Non-current financial payables for leasing	1,506	0	1,506
<b>NON-CURRENT FINANCIAL LIABILITIES</b>	<b>14,551</b>	<b>14,690</b>	<b>(139)</b>

At September 30, 2019 the non-current portion of the loans or rather the medium/long-term portion of the loans undertaken by the Group and in place at this date amount to Euro 13 million. Total bank loans at September 30, 2018 amount to Euro 16.1 million, of which Euro 13 million concerning the present account and Euro 3.1 million Bank loans - current (note 22). The decrease in the period is mainly due to repayments totalling Euro 3 million.

The contractual conditions of the loans in place at September 30, 2019 are illustrated below:

Credit Institution	Type of loan	Interest rate applied	Rate	Maturity	Covenant
Intesa San Paolo S.p.A.	Loan	Fixed rate of 3%	Half-Year	2024	Yes
Monte dei Paschi di Siena (former Banca Agricola Mantovana)	Loan	Euribor variable 3 Months + spread 0.9%	Quarterly	2026	No

The loans are not covered by secured guarantees.

With reference to the cross default clauses on the loan contracts of the Company, these include both clauses where the benefits are no longer applicable and where the Company financed is not in compliance with obligations of a credit or financial nature, or guarantees assumed with any party. We report that at September 30, 2019 the Group has not received any communication for application of cross default clauses by any of its lenders.

We illustrate below the table required by the amended IAS 7 - Cash Flow Statement for a greater disclosure of changes in financial liabilities:

<i>in thousands of Euro</i>	Bank loans
<b>Balance as at 31 12 2018</b>	<b>19,123</b>
Cash flows	(3,041)
Other changes:	
Financial charges IAS 39	21
<b>Balance 30 09 2019</b>	<b>16,103</b>

Finally, “non-current financial liabilities for leasing” of Euro 1.5 million concern contractually due fees and with maturity beyond one year, for third party asset usage rights recognised to fixed assets from January 1, 2019 under IFRS 16.

## 18. Trade payables

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Trade payables	13,834	19,011	(5,177)
<b>TRADE PAYABLES</b>	<b>13,834</b>	<b>19,011</b>	<b>(5,177)</b>

At September 30, 2019, trade payables amounted to Euro 13.8 million, decreasing on December 31, 2018, mainly due to seasonality.

## 19. Other Liabilities

The following table breaks down current liabilities at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Current tax payables	5,875	2,123	3,752
Employee payables and social security institutions	4,346	4,113	233
ENAC concession fee and other State payables	15,803	15,710	93
Other current liabilities, accrued liabilities and deferred income	6,365	4,421	1,944
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>32,389</b>	<b>26,367</b>	<b>6,022</b>

The principal changes were as follows:

**i. Current tax payables**

The following table breaks down tax payables at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
VAT payable	275	278	(3)
Direct income taxes	4,476	808	3,668
Other tax payables	1,124	1,037	87
<b>TOTAL CURRENT TAX PAYABLES</b>	<b>5,875</b>	<b>2,123</b>	<b>3,752</b>

The increase in payables for direct taxes, comprising IRES and IRAP, relates to the estimate for period taxes, net of the payment of 2019 advances and the 2018 balance.

**ii. Employee payables and social security institutions**

The following table breaks down employee payables and social security institutions at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Employee salaries	1,042	1,162	(120)
Employee deferred compensation	2,056	1,830	226
Social security payables	1,248	1,121	127
<b>EMPLOYEE PAYABLES AND SOCIAL SECURITY INSTITUTIONS</b>	<b>4,346</b>	<b>4,113</b>	<b>233</b>

**iii. ENAC concession fee and other State payables**

The ENAC concession fees and other State payables mainly comprises:

- Euro 13.8 million (Euro 12.7 million at December 31, 2018) concerning the fire prevention service as governed by Article 1, paragraph 1328 of the 2007 Finance Act, modified by Article 4, paragraph 3bis of Law No. 2/2009. For further details, reference should be made to the Consolidated Half-Year Report at June 30, 2019;
- Euro 1.9 million (Euro 2.9 million at December 31, 2018) as the variable airport concession fee payable.

**iv. Other current liabilities, accrued liabilities and deferred income**

The following table breaks down current liabilities, accrued liabilities and deferred income at September 30, 2019 (compared with December 31, 2018).

<i>in thousands of Euro</i>	As at 30.09.2019	As at 31.12.2018	Change
Municipal surtax payables	4,555	3,449	1,106
Other current payables	1,079	910	169
Current accrued liabilities and deferred income	731	62	669
<b>TOTAL OTHER CURRENT LIABILITIES, ACCRUED LIABILITIES AND DEFERRED INCOME</b>	<b>6,365</b>	<b>4,421</b>	<b>1,944</b>

The main account concerns the municipality surtax relating to the receivables from carriers not yet received at September 30, for Euro 4.6 million. The portion of the municipality surtax payable relating to receivables collected from carriers, not yet paid to the creditor entities at September 30, 2019 on the other hand is classified under current financial liabilities (Note 22). Other current liabilities include deposits and advances received from customers in addition to deferred income and miscellaneous payables.

The increase in current accruals and deferred income is due to the invoicing process which provides for the advance invoicing of sub-license fees and other services.

## 20. Provision for renewal of airport infrastructure (current)

The account concerns the provisions for renewal of airport infrastructure - current portion, whose movements in the period to September 30, 2019 are reported below:

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Utilizations	Reclassifications	As at 30.09.2019
<b>PROVISION FOR RENEWAL OF AIRPORT INFRASTRUCTURE (CURRENT)</b>	<b>1,757</b>	<b>0</b>	<b>(1,376)</b>	<b>3,424</b>	<b>3,805</b>

Utilisations at September 30, 2019 amount to Euro 1.4 million, of which:

- in the airside area, the waterproof coating of the airport runoff water collection basin located at the Olmi quarry site;
- in the landside area, the redoing of the roof of the PSSA, Lost and Found, air healthcare and garage building;
- among the various work done on installations, the replacement of flight information monitors, AHU units and obsolete parts of the public lifts.

The infrastructure renewal provisions are reported at Note 15 (non-current portion), to which reference should be made for full disclosure on the provision.

## 21. Provisions for risks & charges (current)

The following table breaks down current financial liabilities at September 30, 2019.

<i>in thousands of Euro</i>	As at 31.12.2018	Provisions	Other increases	As at 30.09.2019
Provisions for employee back pay	526	230	0	756
<b>PROVISIONS FOR RISKS AND CHARGES (CURRENT)</b>	<b>526</b>	<b>230</b>	<b>0</b>	<b>756</b>

The main change concerns the employee back-dated provision on which, within the framework of the renewal of the Airport Operators Trade Union Agreement expired on December 31, 2016 and of the Assohandlers Trade Union Agreement expired on June 30, 2017, an estimate of the liabilities for a One-off/back-dated employee payments was accrued for the period.

## 22. Current financial liabilities

The following table breaks down current financial liabilities at September 30, 2019 and the comparison at December 31, 2018.

<i>In thousands of Euro</i>	<i>As at 30.09.2019</i>	<i>As at 31.12.2018</i>	<i>Change</i>
Bank loans - current	3,058	4,433	(1,375)
Municipal surtax payables	2,522	2,050	472
Other current financial debt	126	43	83
Current financial liabilities for leasing	567	0	567
<b>CURRENT FINANCIAL LIABILITIES</b>	<b>6,273</b>	<b>6,526</b>	<b>(253)</b>

For a breakdown of the Loans - current portion and other financial payables, reference should be made to account 17 Non-current Financial Liabilities which presents the outstanding Group loans at September 30, 2019 and the changes in the period.

Municipal surtax on passenger boarding rights payables concern the portion received by airlines in the month of September and reversed to the credit institutions in October 2019.

Finally, finance lease liabilities concern the current portion of charges due for third party asset usage rights recognised to non-current assets from January 1, 2019 in application of IFRS 16.

## NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

The principal 9M 2019 income statement accounts are compared with 9M 2018 below.

### REVENUES

#### 23. Revenues

Revenues for the periods to September 30, 2019 and 2018 are presented below. For the revenue performance in the period, reference should be made to the Directors' Report.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Revenues from aeronautical services	48,890	42,596	6,294
Revenues from non-aeronautical services	33,502	30,795	2,707
Revenues from construction services	11,315	8,993	2,322
Other operating revenues and income	763	799	(36)
<b>TOTAL REVENUES</b>	<b>94,470</b>	<b>83,183</b>	<b>11,287</b>

The reclassification of Group revenues based on revenue streams defined by IFRS 15 is shown in the following table:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Airport fees	43,467	37,476	5,991
Parking	12,899	12,234	665
Revenues from construction services	11,315	8,993	2,322
Others	9,578	8,499	1,079
<b>TOTAL IFRS 15 REVENUE STREAMS</b>	<b>77,259</b>	<b>67,202</b>	<b>10,057</b>

#### i. Revenues from aeronautical services

The table below shows revenues from aeronautical services in 9M 2019 and 9M 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Centralised infrastructure/other airport services	503	380	123
Exclusive use revenues	979	947	32
Airport fee revenues	58,245	51,550	6,695
PRM revenues	4,629	3,369	1,260
Air traffic development incentives	(19,568)	(17,550)	(2,018)
Handling services	2,078	1,869	209
Other aeronautical revenues	2,024	2,031	(7)
<b>TOTAL REVENUES FROM AERONAUTICAL SERVICES</b>	<b>48,890</b>	<b>42,596</b>	<b>6,294</b>



The breakdown of airport fee revenues is shown below:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Passenger boarding fees	29,199	25,933	3,266
Landing, take-off and parking fees	16,400	14,094	2,306
Passenger security fees	9,409	8,478	931
Baggage stowage control fees	2,671	2,406	265
Cargo loading and unloading fees	566	593	(27)
Reduction for provision	0	46	(46)
<b>TOTAL AVIATION FEE REVENUES</b>	<b>58,245</b>	<b>51,550</b>	<b>6,695</b>

## ii. Revenues from non-aeronautical services

The table below shows non-aviation service revenues in 9M 2019 and 9M 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Commercial premises and spaces sub-license	14,925	13,855	1,070
Parking	12,899	12,234	665
Other commercial revenues	5,678	4,706	972
<b>TOTAL REVENUES FROM NON-AERONAUTICAL SERVICES</b>	<b>33,502</b>	<b>30,795</b>	<b>2,707</b>

Other commercial revenues are broken down as follows:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Ticketing	30	33	(3)
Marconi Business Lounge	2,180	1,897	283
Advertising	1,303	1,163	140
Misc. commercial revenues	2,165	1,613	552
<b>TOTAL OTHER COMMERCIAL REVENUES</b>	<b>5,678</b>	<b>4,706</b>	<b>972</b>

## iii. Revenues from construction services

Revenues from construction services concern the construction services undertaken by Aeroporto Guglielmo Marconi di Bologna S.p.A. on behalf of the ENAC granting entity for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

These revenues amounted to Euro 11.3 million in 9M 2019 (Euro 9 million in 9M 2018).

## iv. Other Revenue and Income

The table below shows other revenues and income in 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Indemnities, reimbursement and misc. income	698	783	(83)
Operating grants	65	16	49
<b>TOTAL OTHER REVENUES AND INCOME</b>	<b>763</b>	<b>799</b>	<b>(83)</b>

## COSTS

### 24. Costs

#### i. Consumables and goods

The table below presents consumables and goods in 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Consumables and goods	369	369	0
Maintenance materials	178	156	22
Fuel and gasoline	1,043	1,007	36
<b>TOTAL CONSUMABLES AND GOODS</b>	<b>1,590</b>	<b>1,532</b>	<b>58</b>

#### ii. Service costs

The following table shows the breakdown of service costs for the two periods compared.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Maintenance costs	3,513	3,627	(114)
Utilities	1,805	1,707	98
Cleaning and accessory services	1,562	1,579	(17)
Services	4,759	4,749	10
MBL Services	247	251	(4)
Advertising, promotion and development	543	499	44
Insurance	650	584	66
Professional and consultancy services	1,234	1,332	(98)
Statutory board fees and expenses	447	439	8
Other service costs	232	317	(85)
<b>TOTAL SERVICE COSTS</b>	<b>14,992</b>	<b>15,084</b>	<b>(92)</b>

Overall, service costs decreased slightly, mainly due to the reduced maintenance and snow clearance expenses from the absence of major snowfalls and the milder temperatures during winter 2018/2019.

A further breakdown in maintenance expenses is provided below:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Owned asset maintenance expenses	786	774	12
Airport infrastructure maintenance expenses	2,146	2,454	(308)
Third party asset maintenance expenses	581	399	182
<b>TOTAL MAINTENANCE EXPENSES</b>	<b>3,513</b>	<b>3,627</b>	<b>(114)</b>

The breakdown of services is illustrated below:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Snow clearance	344	679	(335)
Porterage, transport third-party services	452	438	14
PRM assistance service	1,317	1,187	130
De-icing and other public service charges	217	197	20
Security service	984	893	91
Other outsourcing	1,445	1,355	90
<b>TOTAL SERVICES</b>	<b>4,759</b>	<b>4,749</b>	<b>10</b>

### iii. Construction service costs

Construction service costs concern the construction costs incurred by Aeroporto Guglielmo Marconi di Bologna S.p.A. Group for the capital investments previously commented upon in relation to the Concession Rights in Note 1.

### iv. Leases, rentals and other costs

The following table shows the breakdown of leases, rentals and other costs for 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Concession fees	5,046	4,518	528
Hire charges	123	245	(122)
Rental charges	130	427	(297)
EDP processing charges	1,230	908	322
Other rental & hire costs	(30)	(26)	(4)
<b>TOTAL LEASES, RENTALS AND OTHER COSTS</b>	<b>6,499</b>	<b>6,072</b>	<b>427</b>

Total Rental, hire and similar costs recorded an increase in variable airport concession fees and security services, an increase related to the rise in traffic, in addition to higher fees for data elaboration for the new investments in technology. On the other hand, hire and lease charges decreased due to the application of the new IFRS 16 leasing standard (Euro 448 thousand).

### v. Other operating expenses

The following table shows the breakdown of other operating expenses for 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Misc. and local taxes	993	1,014	(21)
Fire prevention service contribution	1,085	1,063	22
Capital losses	0	1	(1)
Other operating expenses	348	373	(25)
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>2,426</b>	<b>2,451</b>	<b>(25)</b>

## vi. Personnel costs

The following table shows the breakdown of personnel costs for 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Wages and salaries	15,107	13,983	1,124
Social security charges	4,258	3,847	411
Severance provisions	1,084	1,034	50
Retirement pension and others	146	142	4
Other personnel costs	1,363	1,166	197
<b>TOTAL PERSONNEL COSTS</b>	<b>21,958</b>	<b>20,172</b>	<b>1,786</b>

Personnel costs increased mainly due to the increase in the workforce (see workforce tables below), largely deriving from the hiring of security and terminal personnel and staff.

Other personnel costs are broken as follows:

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Employee canteen	483	439	44
Personnel training	244	164	80
Employee expenses	194	167	27
Other personnel provisions	57	77	(20)
Misc. personnel costs	385	319	66
<b>TOTAL OTHER PERSONNEL COSTS</b>	<b>1,363</b>	<b>1,166</b>	<b>197</b>

The average headcount by category in the two periods under consideration is shown below:

<i>Average workforce (No.)</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Executives	9	10	(1)
White-collar	436	399	37
Blue-collar	101	100	1
<b>TOTAL PERSONNEL</b>	<b>546</b>	<b>509</b>	<b>37</b>

The headcount at the end of the two periods under consideration was as follows:

<i>Workforce (number)</i>	As at 30.09.2019	As at 30.9.2018	Change
Executives	9	10	(1)
White-collar	444	411	33
Blue-collar	99	103	(4)
<b>TOTAL PERSONNEL</b>	<b>552</b>	<b>524</b>	<b>28</b>

## 25. Depreciation, amortisation and impairment

The following table shows the movement of depreciation, amortisation and impairment for the periods ended September 30, 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Amortisation/write-downs Concession rights	4,643	4,320	323
Amortisation/write-down of other intangible assets	904	704	200
Depreciation/write-down of tangible assets	2,060	1,624	436
<b>TOTAL DEPRECIATION AND AMORTISATION</b>	<b>7,607</b>	<b>6,648</b>	<b>959</b>

The account includes Euro 434 thousand of leased asset amortisation as per the new IFRS 16 standard and Euro 33 thousand of write-downs.

## 26. Provisions for risks and charges

The following table shows the movement of the provisions for risks and charges for the periods ended September 30, 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Provisions for doubtful accounts	516	57	459
Provision for renewal of airport infrastructure	1,795	2,000	(205)
Provisions for other risks and charges	306	233	73
<b>TOTAL PROVISIONS</b>	<b>2,617</b>	<b>2,290</b>	<b>327</b>

The most significant change concerns the accrual to the provisions for doubtful accounts related to the evaluation of a number of default positions. For further details, reference should be made to notes 8, 15, 16, 20 and 21.

## 27. Net financial income and expenses

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Profits on sale of equity investments	0	13	(13)
Income from securities	10	24	(14)
Other income	78	118	(40)
Discounting income on provisions	0	421	(421)
<b>TOTAL FINANCIAL INCOME</b>	<b>88</b>	<b>576</b>	<b>(488)</b>
Interest expenses and bank charges	(331)	(396)	65
Discounting charges on provisions	(648)	0	(648)
Interest charges for discounting of liabilities for leasing	(21)	(50)	29
Other financial expenses	(7)	(7)	0
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(1,007)</b>	<b>(453)</b>	<b>(554)</b>
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>	<b>(919)</b>	<b>123</b>	<b>(1,042)</b>

Net financial expense increased due to the financial expense for the discounting of provisions and of liabilities (including those for leasing) introduced by IFRS 16; on the other hand, in the comparative period, income from the discounting of provisions was recorded. Interest expense and bank charges decreased as a result of the lower overall debt.

## 28. Taxes for the period

The following table shows the taxes for the period for 9M 2019 and 2018.

<i>in thousands of Euro</i>	For the nine months ended 30.09.2019	For the nine months ended 30.09.2018	Change
Current and deferred taxes	7,184	5,882	1,302
<b>TOTAL TAXES FOR THE PERIOD</b>	<b>7,184</b>	<b>5,882</b>	<b>1,302</b>
<b>% taxes on pre-tax result</b>	<b>28.64%</b>	<b>28.70%</b>	<b>-0.07%</b>

## 29. Related party transactions

For the definition of “Related Parties”, reference should be made to IAS 24, approved by Regulation (EC) No. 1725/2003.

Intercompany transactions are carried out within the scope of ordinary operations and at normal market conditions. Related party transactions principally concern commercial and financial transactions, in addition to participation in the tax consolidation.

None of these have particular economic or strategic significance for the Group, as the receivables, payables, revenues and costs regarding related parties do not account for a significant percentage of the total financial statement amounts.

The Bologna Chamber of Commerce shareholders were identified as a Government party, therefore exempt from the disclosure regarding related parties as defined by IAS 24. The categorisation of the Bologna Chamber of Commerce as a Government party therefore limited the checks required for the identification of related parties to the mere identification of the Bologna Chamber of Commerce. No additional information is reported in the financial statements concerning transactions undertaken by the Group with the Bologna Chamber of Commerce as no significant transactions are undertaken with this shareholder.

No transactions with related parties are reported in the period other than the inter-company transactions presented below.

Commercial transactions between the Parent Company and the subsidiary Tag Bologna Srl, in terms of receivables, principally concern the twenty-year sub-concession of the General Aviation traffic assistance infrastructure and the provision of services for Euro 56 thousand.

Adb payables to the subsidiary mainly concern the capital grant for the covering of General Aviation terminal infrastructure operation and maintenance costs for the boarding and disembarking of passengers, against the financial advantage for AdB of including these costs in the calculation of passenger boarding fees. Costs in the first nine months of 2019 to the subsidiary overall amount to Euro 145 thousand.

Non-commercial transactions with Tag concerned:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the patronage letter issued by the Parent Company, in favour of Monte dei Paschi di Siena relating to the long-term loan granted by the bank to Tag. At September 30, 2019, the guaranteed portion of the loan, equal to the residual capital portion, amounts to Euro 3.4 million.

During the period, commercial transactions between the Parent Company and the subsidiary Fast Freight Marconi S.p.A. concern the provision by AdB of the following services:

- sub-concession of offices, areas and operating rooms;
- management and staffing, including the following staff services: accounting, administration, finance, operating control, management reporting, personnel, legal, ICT, personnel secondment and directors' competences;
- packages and goods x-ray controls.

Revenues in the period from the subsidiary amount to Euro 319 thousand.

Non-commercial transactions with FFM included:

- the tax consolidation contract renewed in January 2018 for the years 2018-2020;
- the co-obligation of AdB on sureties in favour of the Bologna Customs Agency for various customs deposits of FFM for Euro 1.15 million.

**Types and management of other risks**

With regards to the disclosure concerning the types and means of financial risk management under Article 2428, paragraph 2 No. 6 bis, reference should be made to the specific section of the Directors' Report, also with regards to the comment upon the other risks to which the Group is subject.

**SUBSEQUENT EVENTS AND BUSINESS OUTLOOK**

No events have occurred subsequent to year end that would require changes in terms of the presented performance or equity and financial position and that would therefore necessitate adjustments and/or additional disclosures in the financial statements.

The Chairman of the Board of Directors

*(Enrico Postacchini)*

Bologna, November 11, 2019

## Annex 1

### Statement pursuant to Article 154-*bis*, paragraph 2 of the C.F.A.

#### Interim Report at September 30, 2019

The officer in charge of preparing the corporate accounting documents, Patrizia Muffato, hereby declares, pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Act (CFA), that the accounting information contained in this Report corresponds to information contained in the accounting documents, registers and entries.

*The officer in charge of preparing the  
corporate accounting documents*  
**(Patrizia Muffato)**





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